



FY 2002-03 through FY 2006-07

January, 2008

Prepared by the City of Greensboro, Budget & Evaluation Department

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National and Regional Data

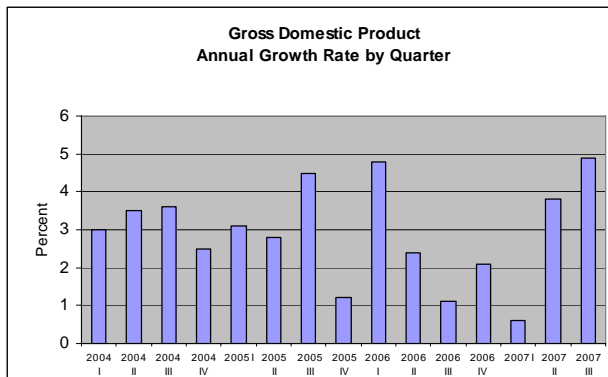
External economic conditions have an impact on the City of Greensboro's financial environment. Conditions within the United States, the State of North Carolina, and the Triad are important early indicators of possible changes to the local economy.

THE UNITED STATES

The United States economy in 2007 was a collection of mixed and at times contradictory messages. GDP growth, discussed in greater detail below, posted two strong quarters in the middle of the year, exceeding expectations in both cases. However, even as these figures were being recorded, a litany of potential stumbling blocks for the economy near the end of the year and moving into 2008 were front page financial topics, including further softening of the housing market and rising inflation due to fuel and food prices.

Gross Domestic Product

The broadest measure used by economists to gauge economic activity is Gross Domestic Product (GDP). GDP measures the total value of goods and services produced during a specific time period. In December 2007, the US Department of Commerce released data indicating that GDP increased at an annual rate of 4.9% in the third quarter of 2007. This followed a 3.8% increase in the second quarter of the year.



These numbers highlight an economy that was growing despite a deepening housing slump and credit crunch that has been experienced since the spring of the year. Residential fixed investment did in fact fall in both the second and third quarters, including a dramatic 20% drop in the third quarter. The third quarter drop in residential fixed investment marked

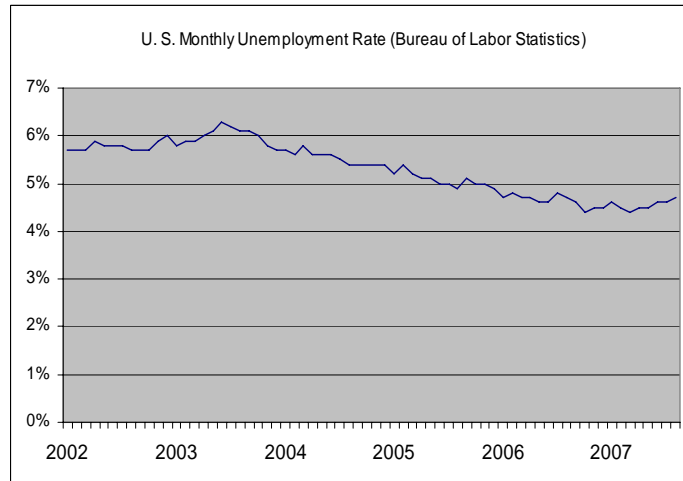
the eighth consecutive quarter of retraction, dating back to the first quarter of 2006. Personal consumer spending, business spending and export growth were sufficiently strong in both quarters to keep the overall economy growing.

In spite of the positive GDP numbers, the Federal Reserve demonstrated concern about the economy's prospects entering 2008 both in speech and action. Speaking before Congress in early November 2007, Federal Reserve Chairman Ben Bernanke said he "expected that the growth of economic activity would slow noticeably in the fourth quarter" and would remain "sluggish" during

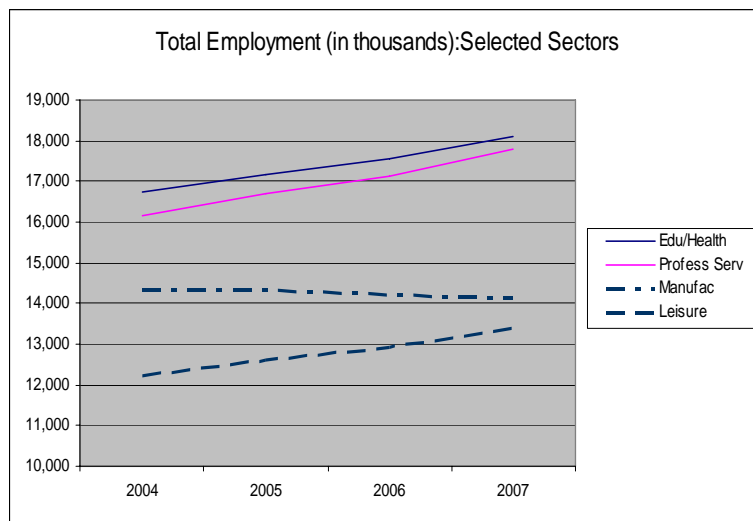
2008. He cited housing conditions and surging oil prices as the primary impediments for the economy. The Federal Reserve would reduce the federal funds rate, a key interest rate (discussed in greater detail later in this report) three times during the second half of 2007.

Labor Markets & Unemployment

During 2007, the national unemployment rate remained relatively steady, ranging from 4.5% to 4.7% throughout the year. (Note: By the end of 2007, the U. S. Unemployment Rate had increased to a two year high of 5%). The number of adults unemployed increased from 6.9 million in September 2006 to 7.2 million in September 2007. Total non farm employment grew more slowly during 2007 as compared to 2006. Employment grew by 0.7% from January to September 2007 compared to 1.0% from January to September 2006. Manufacturing jobs fell slightly over 2007, from 14.1 million in January to 14.0 million in September.



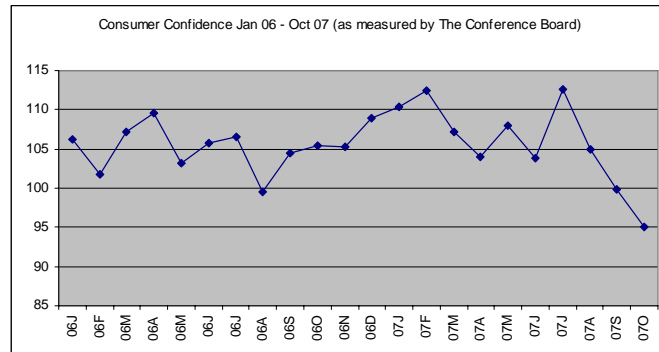
Overall, service providing job categories, which includes areas such as business services, education, health, government and leisure services added approximately 1.12 million additional jobs from January through September 2007. Goods producing employment, including construction and manufacturing, posted a decrease of approximately 245,000 jobs during the same time period.



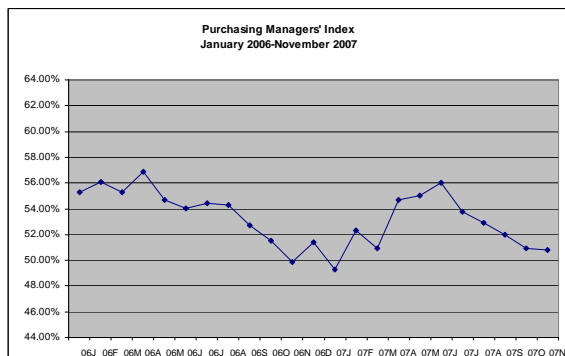
After a first quarter 2007 increase of 2.5%, national personal income grew at a slower 1.2% rate during the second quarter of 2007. In August 2007, the U. S. Census Bureau released information on income and poverty indicating the Real Median Household Income had risen during 2006 for the second consecutive year. This was welcome news given that household income numbers had fallen consistently during 1999-2004.

Consumer Confidence

Perhaps reflecting the uncertainty of economic forecasts and conditions, Consumer confidence was difficult to track during 2007. The Conference Board, a private business membership and research group, produces a monthly Consumer Confidence Index, based on household surveys that ask consumers to appraise current economic conditions. Improved confidence early in the year gave way to concerns about overall economic conditions in the spring. The index would continue its roller coaster ride the remainder of the year, peaking at a five year high in July, only to fall consistently throughout the fall months. The University of Michigan Survey of Consumer Sentiment also recorded a significant drop in consumer confidence beginning in August 2007. The report cited increased food and energy prices and the soft housing market as all factors affected consumer confidence.



Business Activity/Housing



Over a twelve month period, (September 2006 to September 2007), overall industrial production as measured by the Federal Reserve increased by 1.9%, as compared to 5.6% in the previous twelve month period. The numbers for manufacturing specifically were 1.6% as compared to 5.9% during the September 2005- September 2006 time period. The Institute for Supply

Management, the largest supply management association produces a monthly Purchasing Manager's Index (PMI), a composite index that considers such factors as factory production, new orders and inventories. A PMI in excess of 50% generally indicates growth or expansion in the manufacturing sector of the economy when compared to the previous month. A reading of less than 50% indicates it is contracting. After posting scores well above 50% during the middle of the year, the index drifted downward to around 50% by year end.

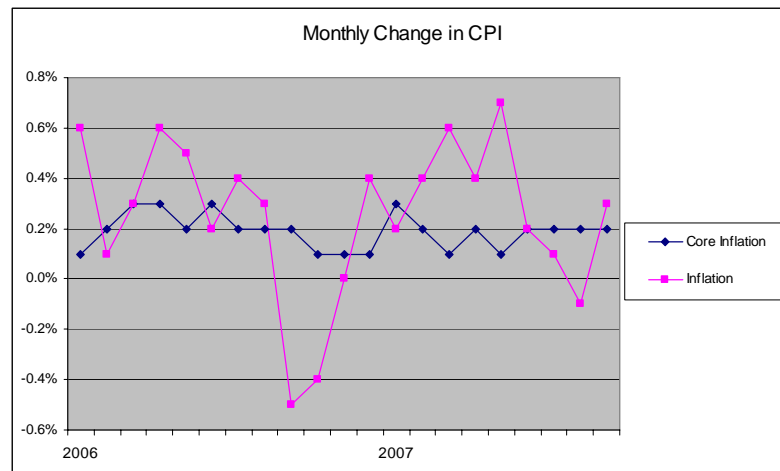
The cooling housing market, first evident in 2006, became more pronounced in 2007 with increased media coverage of sub prime lending practices and subsequent foreclosures. Information released in October by RealtyTrac, a national foreclosure tracking service, showed that home foreclosures in August 2007 (about 240,000 nationwide) were more than double the number from

August 2006. The Standard and Poor's Case Shiller survey indicated that housing prices fell 4.4% across twenty major U. S. metropolitan areas in the twelve months ending in August 2007. A subsequent Case Shiller survey released in December indicated that U. S. home prices had fallen in October 2007 for the tenth consecutive month. The U. S. Department of Commerce reported that the seasonally adjusted annual rate for new home sales in November 2007 was at its lowest rate since April 1995.

Inflation & Interest Rates

The Federal Reserve expressed some concern regarding inflation during 2007, particularly surrounding price increases for food and energy. The Consumer

Price Index (CPI) is a measure of the average change in prices over time for a specific group of goods and services. It's year to date annual rate increase through September was 3.6%, compared to 2.5% for all of 2006. The index for energy increased at a seasonally adjusted annual rate of 11.7% through September,

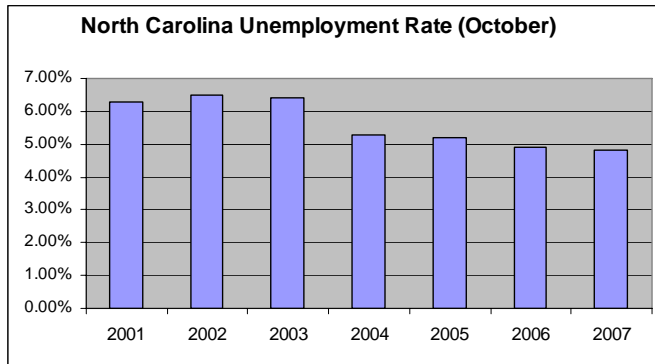


compared to 2.9% in all of 2006. The food and beverage index rose at an annual rate of 5.7%, compared to 2.2% in all of 2006.

Concerns about inflation notwithstanding, the Federal Reserve implemented three interest rate reductions in the fall of 2007. The Reserve reduced the federal funds rate, a key interest rate, three times during the second half of 2007, from 5.25% ultimately to 4.25%. This reversed a multi year trend of gradual and periodic interest rate increases in which the Federal Reserve had raised short term rates from 1% in June 2004 to 5.25% in June 2006. Noting that *“the pace of economic expansion will likely slow in the near term, partly reflecting the intensification of the housing correction,”* the Federal Reserve hoped that interest rate cuts would help forestall a wider economic downturn.

NORTH CAROLINA

The North Carolina economy mirrored the national economy with slower overall economic output (GSP) as compared to 2006 (based on available 2007 data) but with a relatively steady unemployment rate throughout the year. Statewide personal income growth roughly matched nationwide income growth during the first three quarters of 2007 (2.5% in first quarter; 0.9% in second quarter, 1.4% in third quarter).



The statewide economy added about 43,000 jobs (just over 1% growth) to total non farm employment from January to October 2007. Educational and Health Services (15,400 job increase, or 3.1%), Professional/Business Services (8,900 job increase, or 1.8%) and Construction (6,800 job increase, or 2.7%) were among

the job categories registering the greatest job growth. Total non-farm employment managed to return to figures seen prior to the 2001 recession.

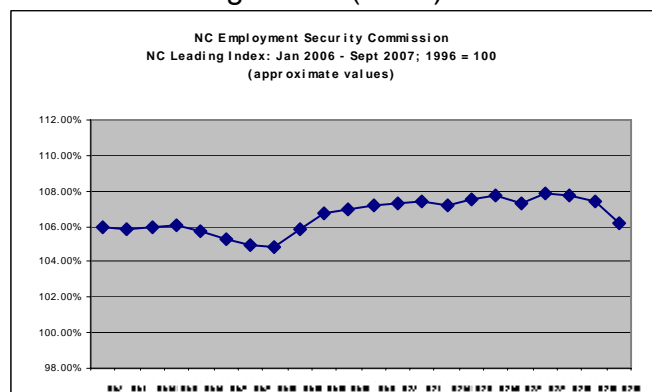
NC Coincident & Leading Indices

The Employment Security Commission of North Carolina prepares two indices – the NC Leading Index (NCLI) and the NC Coincident Index (NCCI) – to gauge present and future economic conditions.

The Coincident Index (NCCI) uses data on non-agricultural employment, industrial production, and national retail sales to assess current conditions. A six month percent change in the NCCI between -3.5% and 0% indicates conditions are currently declining, with -3.5% indicating severe decline. A percent change between 0% and 3.5% suggests improving conditions, with 3.5% signaling strong current growth.

From May through October 2007, the Coincident Index increased slightly each month, with the six month average recorded at the end of each month (example: Dec. 2006 – June 2007 six month average recorded in June) falling in the “mild to moderate growth” (+0.5% to +1.5%) category. The primary statistical components of this index, such as industrial production and sales tax, were showing slight but steady growth during this time period, helping to keep the six month averages in the positive range.

The NC Leading Index (NCLI) combines data from the US Leading Index and

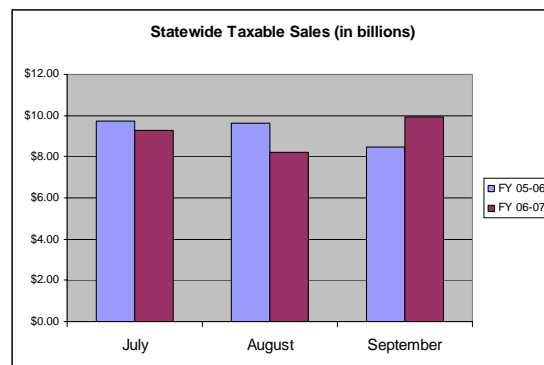


severe decline. Positive conditions are forecast when the six month percent change is between 0% and 2.1%, with greater than 2.1% suggesting strong growth.

The Leading Index produced less positive numbers throughout the period of May to October 2007. The six month percentage change recorded at the end of each month ranged from -0.04 to +0.63 from May through September, placing the six month percentage change in the “very weak growth or slight decline” category throughout this time period. Then in October, the Leading Index recorded a six month percentage change of -1.3%, predicting a “mild to moderate decline” in the state economy’s near future.

Retail Sales

The North Carolina Department of Revenue reported statewide taxable retail sales of \$106.59 billion in FY 06-07, about 5% higher than the \$101.55 billion recorded in FY 05-06. Through September 2007, statewide taxable sales of \$27.45 billion have been recorded, compared to \$27.85 through September 2006.



PIEDMONT TRIAD/GREENSBORO

The unemployment rate for the Greensboro/High Point area was 4.6% as of October 2007, (provided by the Bureau of Labor Statistics; not seasonally adjusted) roughly mirroring both the national unemployment rate and the North Carolina state unemployment rate. Other metro unemployment rates of note as recorded in October 2007 included Charlotte-Gastonia-Concord (4.7%), Durham (3.7%), Raleigh-Cary (3.5%) and Winston Salem (4.4%). The Employment Security Commission of North Carolina, which provides workforce estimates for municipalities, estimated that the unemployment rate for Greensboro was 4.4% in October 2007.

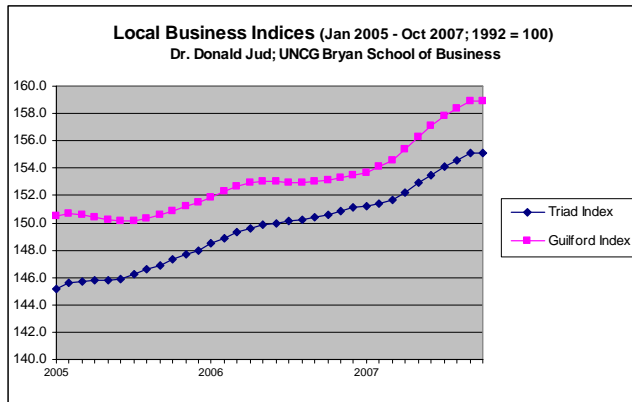
Triad & Guilford Business Indices

The Piedmont Triad Business Index, compiled by the Bryan School of Business and Economics at the University of North Carolina at Greensboro, measures the level of economic activity and changes in leading economic indicators in the eight-county Piedmont Triad area. The index compiles data on items such as building permits, claims for unemployment insurance and total employment. A similar index, the Guilford County Business Index, is published to assess the level of activity in Guilford County.

Both indices, particularly the Guilford Index, were relatively flat during much of 2006. However, both indices showed noticeable improvement during 2007 (see

chart). Measured in October 2007, the Piedmont Triad Index had gained 3.0% over the previous twelve months (compared to 2.2% from Oct 2005 to Oct 2006). The Guilford Index had improved 3.8%, compared to 1.5% in the Oct 05 to Oct 06 period.

Among the positive trends noted in the Index report was an 18% reduction in



initial claims for unemployment insurance from October 2006 to October 2007 and nonagricultural wage and salary employment keeping pace with national employment numbers. The Index did, however, also note that goods producing employment (such as manufacturing) had fallen in the Triad by 1.3% over the same time period.

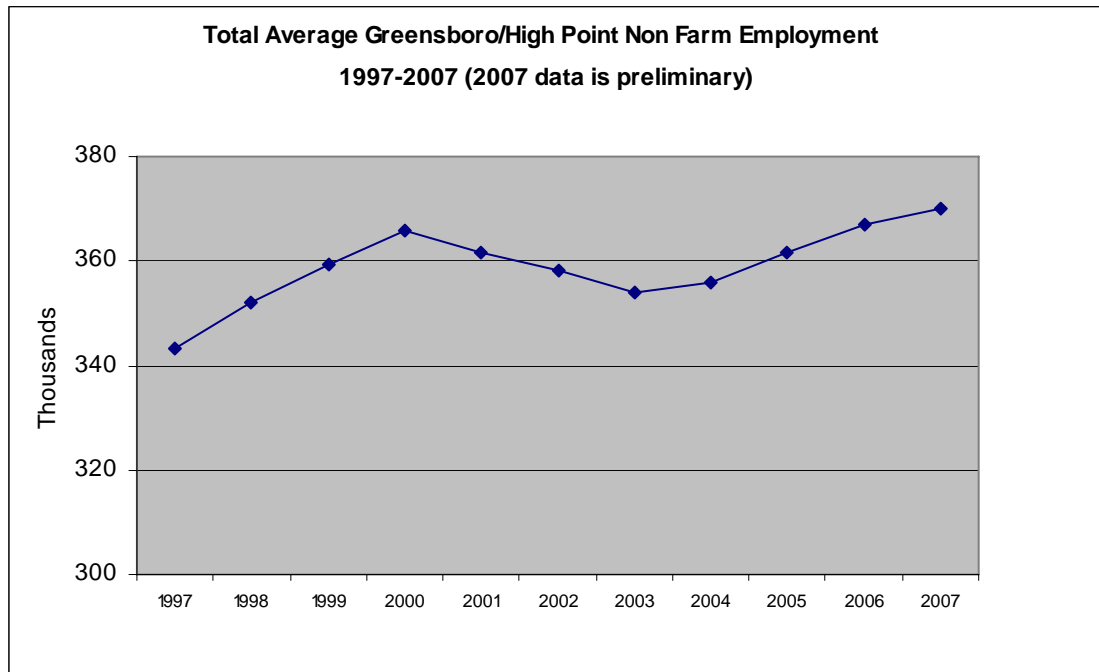
Retail Sales

According to the state department of revenue, total taxable sales in Greensboro were 2.2% higher in FY 06-07 as compared to FY 05-06. This growth rate lagged behind other larger North Carolina cities. Durham and Winston-Salem recorded taxable sales growth of just over 3%, while Raleigh (10.9%) and Charlotte (6.3%) posted significantly higher growth rates. For Guilford County, a 5.5% increase was posted in FY 06-07.

Retail sales have shown little improvement so far during FY 07-08. Through September 2007 (latest data available), taxable sales in Greensboro are just 0.5% greater than the first three months of FY 06-07.

Employment

Based on information from the US Department of Labor (Bureau of Labor Statistics), total average non-farm employment in the Greensboro/High Point region improved during 2007 and continued a growth trend evident since 2003. Although 2007 data is still preliminary, it appears that total average non farm employment has finally regained levels seen prior to the last recession earlier in the decade.



SUMMARY/2008 OUTLOOK

The economy finished 2007 on a decelerating note and with a variety of concerns looming ahead in 2008. Most outlooks for 2008 anticipate an economy that will grow at a slower pace than was seen in 2007. Surveys of various financial and industry managers conducted by the Federal Reserve Bank of Philadelphia project that GDP growth in 2008 will be around 2.5% and the unemployment rate will remain at 4.9% - 5.0%. The National Association of Business Economics, an association of business and economics professionals, similarly posted a 2008 GDP growth estimate of 2.5%. Projections for inflation in 2008 typically range around 2.0% - 2.5%, although continued volatility in energy prices make long range projections on inflation a challenge.

For North Carolina, economic projections for 2008 tend to reflect the somewhat downbeat forecasts for the national economy. Statewide economy watchers expect economic output and job creation in 2008 to be less than in 2007. One positive note for both the state and the Piedmont Triad region is a housing market that is more stable than the national market. While many metropolitan areas around the county saw housing prices fall in 2007, several North Carolina metro areas, including Greensboro/High Point, Burlington and Winston Salem, managed to hold sale prices steady through most of the year.

In preparing a budget for the next fiscal year, it is important to be cognizant of the various economic trends, both current and projected, and their potential impact on both the community and organization. Consumer spending, job growth (or the lack thereof), interest rate changes and changes in the local and state wide housing market all have the potential to affect the types and amounts of services demanded by the community and the community's ability to pay for them. While

the City cannot control these trends, it can attempt to mitigate their impacts on current and future operations through conservative budget projections, contingency planning, and maintaining a focus on the organization's long-term goals.

Sources of data: US Department of Commerce (Bureau of Economic Analysis); *The Economist*; The Federal Reserve Bank of Philadelphia; National Association for Business Economics; US Department of Labor (Bureau of Labor Statistics); Realtytrac.Com; Standard and Poors Corp.; United State Census Bureau; The Conference Board; University of Michigan Survey of Consumer Sentiment; Institute of Supply Management

Employment Security Commission of North Carolina; University of North Carolina at Greensboro (Dr. Donald Jud, Bryan School of Business and Economics) North Carolina Department of Revenue; North Carolina State University (Dr. Michael Walden, Department of Agricultural and Resource Economics); University of North Carolina at Charlotte (Dr. John Connaughton, Belk School of Business)..

Greensboro Demographics

POPULATION

From FY 02-03 to FY 06-07 Greensboro's population grew by 5.5 percent or an average of about 1.4 percent per year.

Description

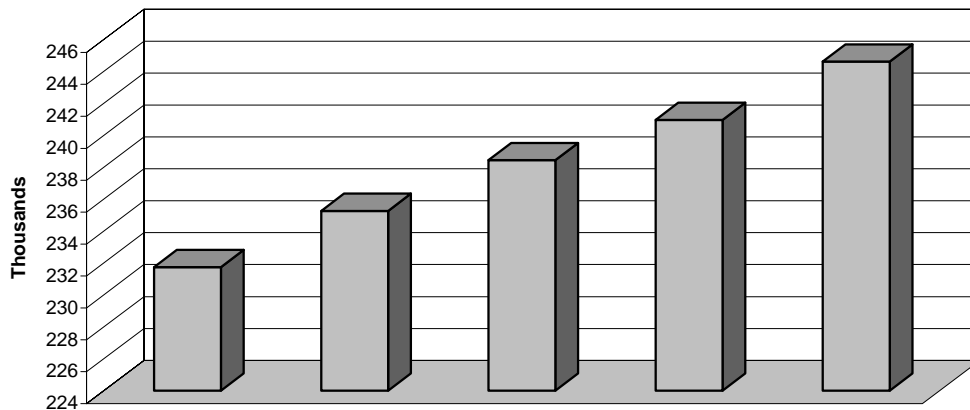
An awareness of changes in population supplies a basic yardstick for estimating service and space needs. A rapidly growing population is likely to mean an increase in the demand for public services. In addition, changes in population can have an effect on the amount of intergovernmental revenues the city receives because many state-shared revenues are distributed on a per capita basis.

Analysis/Data

The population of the City of Greensboro increased 5.5% (223,743 to 244,610) between FY 2003 and FY 2007 or an average of about 1.4% per year. This growth includes the addition of 2,580 residents added through a city-initiated annexation in FY 2005. Excluding the annexation's impact, the City's base population grew by 4.4% over the five year period.

NOTE: Population figures are estimates provided by the Planning Department.

Greensboro Population FY 2002-03 - FY 2006-07



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Population	231,743	235,262	238,440	240,955	244,610
% Change		1.5%	1.4%	1.1%	1.5%

Source: City Planning Department

Greensboro Demographics

PER CAPITA PERSONAL INCOME

Per capita personal income (PCPI) in the Greensboro-High Point area increased 11.1% from 2001 to 2005.

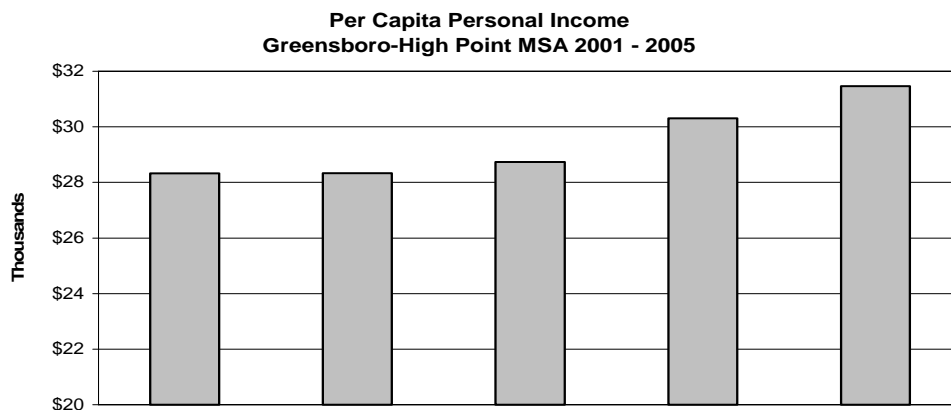
Description

Per capita personal income (PCPI) is determined by dividing the total income of the population in the selected area by the total number of people in the area. This indicator is one measure of a community's ability to raise funds. As PCPI rises, so does the city's ability to generate certain types of revenues (e.g., sales taxes, property taxes).

Analysis/Data

Per capita income in the Greensboro-High Point MSA increased 11.1% (2.7% annually on average) from \$28,322 in 2001 to \$31,464 in 2005. Growth averaged only 0.7% annually from 2001 to 2003, but exhibited marked improvement climbing 5.4% in 2004 and dropping back slightly to 3.8% in 2005. Data after 2005 is not yet available from the Bureau of Economic Analysis.

The 11.1% total growth in PCPI from 2001-2005 in the Greensboro-High Point MSA lagged behind the 12.9% growth witnessed in the state as a whole. Although Greensboro's growth in PCPI bettered that of the Raleigh-Cary MSA (4.5%), it trailed the growth rates of the Durham MSA (12.9%), the Charlotte-Gastonia-Concord MSA (12.7%), and the Winston-Salem MSA (12.8%) all of which more closely tracked the state's overall growth. In addition, the Greensboro-High Point MSA continues to trail the other major MSAs in PCPI; including Charlotte-Gastonia-Concord (\$36,761), Raleigh-Cary (\$35,624), Durham (\$35,097) and Winston-Salem (\$33,022).



	2001	2002	2003	2004	2005
GSO-HP MSA	\$ 28,322	\$ 28,334	\$ 28,736	\$ 30,301	\$ 31,464
Annual % Change		0.0%	1.4%	5.4%	3.8%
Total % Change					11.1%

Source: U.S. Bureau of Economic Analysis

Greensboro Revenues

PROPERTY TAX

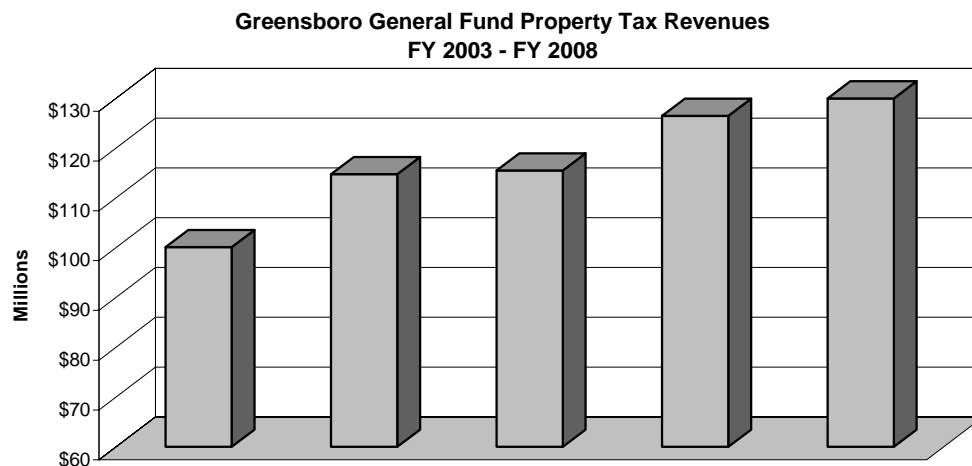
Property tax revenues have realized little growth in the last three years, placing constraints on the General Fund budget.

Description

The property tax typically accounts for about one third of all net revenues collected by the City of Greensboro. Within the General Fund, the property tax represents over half of the total revenues needed for basic municipal operations. The 06-07 adopted property tax rate is 63.50 cents per \$100 of assessed value (60 cents - General Fund; 3.50 cents – Transit Fund).

Analysis/Data

Property tax revenue growth, while improving as compared to the 2001-2004 years (annual growth of less than 1%), is still sluggish when compared to the mid and late 1990s (note: FY 04-05 was re-valuation year for Guilford County, including Greensboro.). Note: Due to a change in the county's method for collecting taxes on business vehicles, FY 06-07 includes proceeds that would have typically been counted in the subsequent year. Controlling for this one time adjustment, General Fund property tax revenue per penny of valuation actually grew 2.7% in FY 06-07. Projected growth for FY 07-08 is 2.5%.



General Fund	FY 03-04	FY 04-05*	FY 05-06	FY 06-07	FY 07-08 Projected
Property Tax (millions)	\$ 100.1	\$ 114.8	\$ 115.5	\$ 126.5	\$ 134.0
Revenue per Penny	\$ 1,675,025	\$ 2,087,591	\$ 2,109,381	\$ 2,180,686	\$ 2,235,240
% Change in Revenue per Penny		24.6%	1.0%	3.4%	2.5%

Source: City of Greensboro Annual Adopted Budgets, FY 2005-06 through FY 2007-08

* Denotes property revaluation year.

Greensboro Revenues

SALES TAX

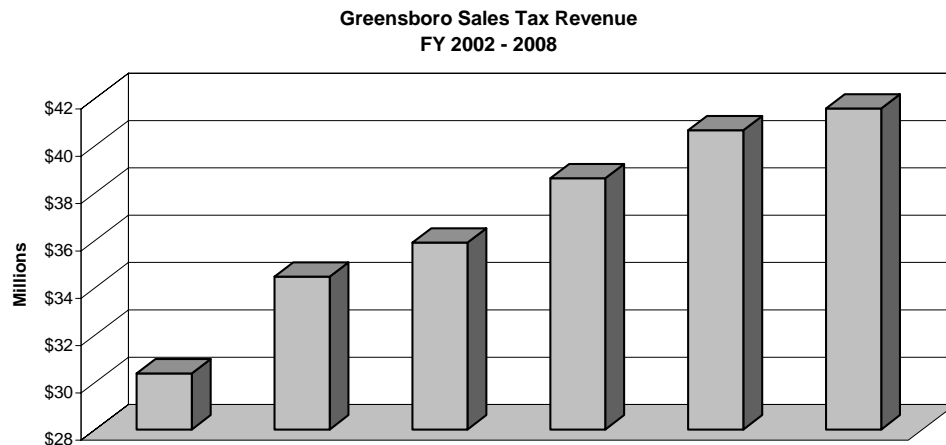
Gradually improving sales tax revenue may be evidence of an improving economy.

Description

The State of North Carolina grants local governments the authority to levy a local sales tax of up to 2.5%, with the state sales tax currently at 4.5%, excluding tax on unprepared food. Guilford County levies the full 2.5% allowed by state law with Greensboro receiving sales tax revenues based on a statutory ad valorem formula. Sales tax revenue is positively correlated with local and statewide economic growth and output and is an excellent indicator of general economic conditions.

Analysis/Data

Strong statewide sales tax collection growth has helped to underwrite Greensboro's sales tax revenue during the past few years. Statewide receipts increased 8% annually in both FY 05-06 and FY 06-07. County sales tax collections have typically trailed the state wide growth patterns, actually declining in FY 05-06 and increasing 5% in FY 06-07. Since the county allocation of sales tax to the various incorporated cities and towns is based on ad valorem collection, Greensboro's proportion of the total sales tax collected also varies based on changes in this factor.



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08 Projected
Sales Tax Revenue (millions)	\$ 30.4	\$ 34.5	\$ 35.9	\$ 38.6	\$ 40.7	\$ 41.6
Annual % Change		13.5%	4.2%	7.6%	5.3%	2.3%

Source: City of Greensboro Annual Adopted Budgets, FY 2004-05 through FY 2007-08

Source: City of Greensboro Financial Systems

Greensboro Revenues

USER FEES, LICENSES AND PERMITS

User fees, licenses and permits represent the largest revenue category in Greensboro, with significant growth during the last two years.

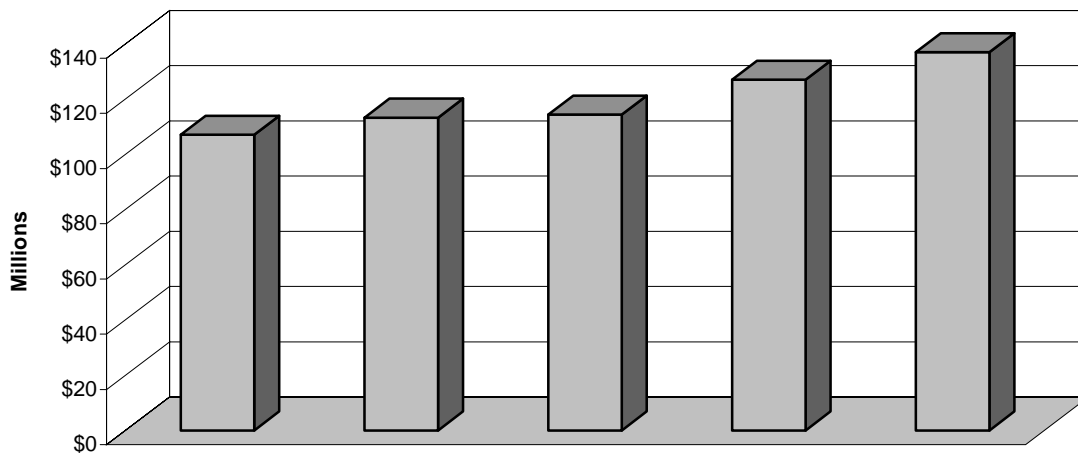
Description

These revenues represent charges for City services that are provided by departments typically operating as enterprises in separate funds. Examples include water and sewer charges, landfill tipping fees, parking fees and Coliseum fees. Revenues from fees, licenses and permits represent approximately 33% of the net revenues for the City of Greensboro, making this the largest revenue category supporting municipal services.

Analysis/Data

The organization's increasing reliance on user fees to support various operations is evident in the trend chart below. User fee revenue has increased by 28% over the past five years, averaging about a 6.5% increase annually. Water Resources user fee revenue, which accounts for over half of all user fee revenue, has increased from \$48.0 million in FY 02-03 to \$77.7 million in FY 06-07, generated by various rate increases implemented during the past five years to provides funds necessary for significant capital infrastructure investment in the water and wastewater systems. Other notable increases during this time period include Parks and Recreation Admissions/Charges revenue increasing from \$1.03 million in FY 02-03 to \$1.60 million in FY 06-07, including due to the opening of the Sportplex and the new pool at Bur-Mil Park. Transit user fee revenue has increased from \$1.1 million in FY 02-03 to \$2.7 million in FY 06-07. Building permit revenue has increased from \$1.53 million in FY 02-03 to \$2.90 million in FY 06-07.

**Greensboro Fees, Licenses, and Permits Revenues
FY 2002-03 - FY 2006-07**



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Fee Revenue (millions)	\$ 107.0	\$ 113.3	\$ 114.4	\$ 127.0	\$ 136.9
% Change		5.8%	1.0%	11.0%	7.9%

Source: City of Greensboro Annual Adopted Budgets, FY 2004-05 through FY 2007-08

Source: City of Greensboro Financial Systems

Greensboro Revenues

INTERGOVERNMENTAL REVENUE

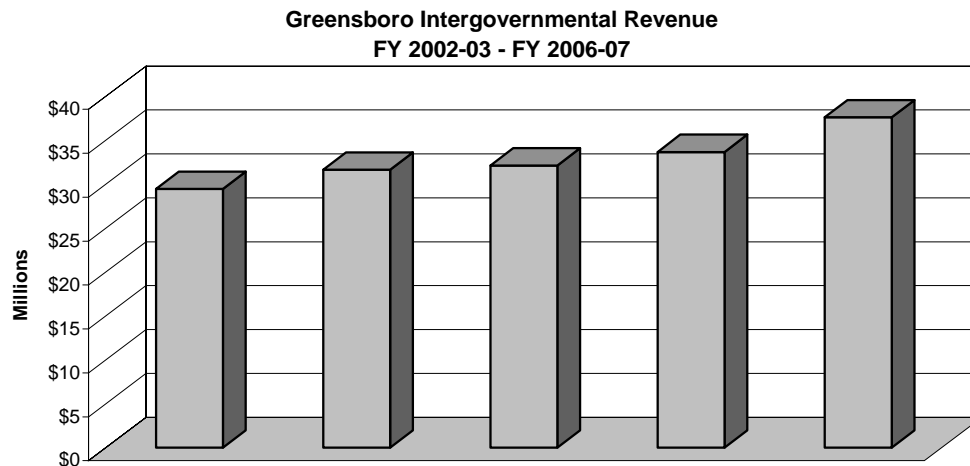
Revenues are gradually returned to levels seen prior to the loss of state reimbursements in 2001.

Description

This revenue category includes all federal, state or other local government funds that are received by the City, including revenues collected by the State of North Carolina and returned to local governments, such as the Beer and Wine Tax and various Utility and Franchise Taxes.

Analysis/Data

From \$36 million in FY 2000-01, intergovernmental revenue fell to below \$30 million in 01-02 budget with the State of North Carolina's elimination of the reimbursements for the inventory tax and intangibles. Intergovernmental revenue has gradually increased over the past five years, finally reaching 2001 levels in FY 06-07. Intergovernmental revenues showing notable increases during the past couple years include federal support for Transit (from \$3.3 million in FY 03-04 to \$4.9 million in FY 06-07) and ABC profit distribution (from \$2.38 million increased \$270,000, or 11%). Guilford County support for the Greensboro library system also increased from \$522,000 in FY 03-04 to \$1,722,000 in FY 06-07.



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Intergov. Revenue (millions)	\$ 29.5	\$ 31.7	\$ 32.1	\$ 33.7	\$ 37.6
% Change		7.5%	1.5%	4.8%	11.7%

Source: City of Greensboro Annual Adopted Budgets, FY 2004-05 through FY 2007-08

Greensboro Expenditures

EXPENDITURES PER CAPITA

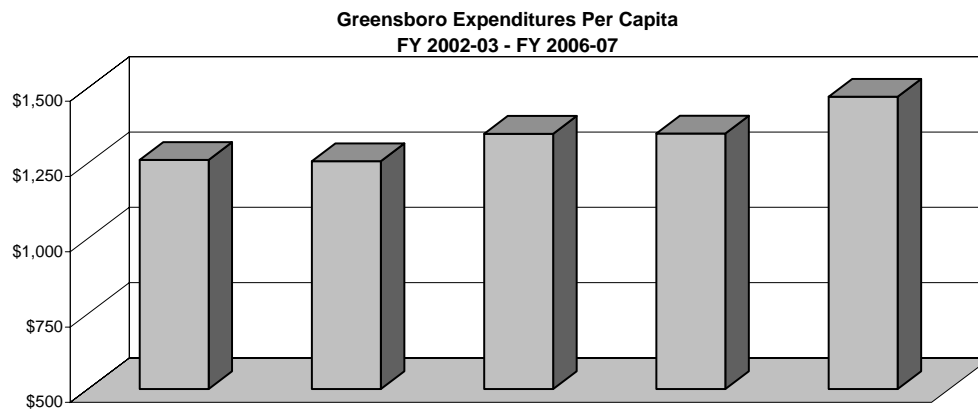
Expenditures per capita have fluctuated somewhat over the past four years with an average annual increase of about 4%.

Description

Per capita expenditures reflect changes in expenditures in relation to changes in population. If expenditures per capita go up, it can indicate that cost of providing services is outpacing the City's ability to pay. If the increase in spending is more than can be explained from inflation or the addition of new programs, this can be indicative of declining productivity.

Analysis/Data

Expenditures per capita from FY 02-03 to FY 03-04 remained virtually unchanged. The loss of state-shared revenues and slumping property and sales tax revenues restricted program budget growth in many areas over this time period. In FY 04-05, expenditures per capita increased by approximately \$100, a 7% increase, due to increases in Environmental Protection areas such as Water Resources and Stormwater Management. In FY 05-06, expenditures per capita essentially remained steady. The largest increase of 9.1% came in FY 06-07 as a result of several factors including increased costs for operation of the Refuse Transfer Station; the addition of 32 police officers; costs associated with opening the Willow Road Fire Station; and increased debt service payments associated with general obligation bonds approved in 2000, to name a few.



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Total Net Expend.	\$ 292,188,272	\$ 295,625,788	\$ 321,401,638	\$ 324,848,622	\$ 359,792,858
Population	231,740	235,262	238,440	240,955	244,610
Exp Per Capita	\$ 1,261	\$ 1,257	\$ 1,348	\$ 1,348	\$ 1,471
% Change		-0.3%	7.3%	0.0%	9.1%

Sources: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2006-07; City of Greensboro Financial Systems; NC Office of State Planning; Greensboro Planning Department.

Greensboro Expenditures

EMPLOYEES PER THOUSAND POPULATION ** includes all funds

Employees per thousand population are at the high for the trend period after experiencing a dip in FY 03-04.

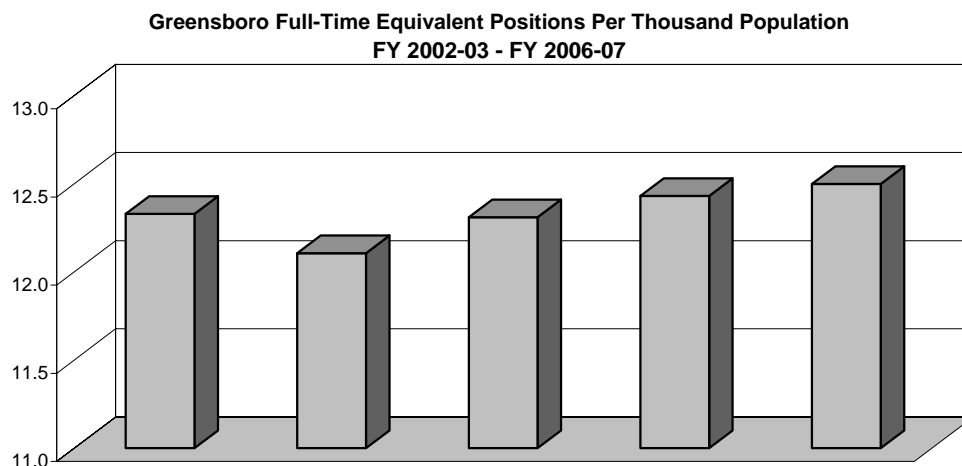
Description

Personnel costs remain a major portion of the City's annual operating budget. Analyzing changes in the number of full time equivalent (FTE) positions relative to the population is one way to measure changes in expenditures. An increase in FTE positions to population may be indicative that the City has become more labor intensive, that expenditures are growing faster than revenues, or that productivity is declining.

Analysis/Data

The employees per thousand population measure has remained relatively stable during the five year period, declining from FY 02-03 to FY 03-04 before increasing for the next three fiscal years. One of the ways the City has been able to control the growth in the number of employees is by contracting with third party providers to operate or manage certain services. For example, the City was able to eliminate 42 FTEs over the last several years by means such as contracting with private vendors to operate Bryan Park and Coliseum concessions.

The increase in this measure for FY 06-07 is due to the addition of 32 full-time police officers; the addition of 15 firefighter positions for Willow Road; and the transfer of six telecommunicator positions from Guilford County for operation of Guilford Metro Communications 911.



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
FTE Positions	2,857	2,848	2,935	2,995	3,057
Population	231,743	235,262	238,440	240,955	244,610
FTE/1000 Population	12.3	12.1	12.3	12.4	12.5

Sources: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2006-07;
Greensboro Planning Department.

Greensboro Expenditures

PERSONNEL COSTS

The average annual increase in personnel costs per FTE (full time equivalent position) over the trend period is about 3%, including both salary and benefits costs. While insurance cost growth has been significant, lower average salary adjustments and longer term position vacancies mitigated some of the effect.

Description

Personal services costs (salaries) and employee benefits (life and health insurance premiums, retirement system contributions, FICA taxes, worker's compensation, tuition reimbursement and vehicle allowances) are the direct labor costs associated with delivery of City services.

Analysis/Data

Costs per FTE have increased an average of 3.0% annually over the previous five years. Certain salary and benefits costs have grown at faster rates during this time period, including Fire Department overtime expenses, health insurance fund contributions and workers compensation premiums. In addition, some classes of positions that received market adjustments in their salaries in FY 04-05 and FY 05-06 were funded for FY 06-07.

Personnel costs continue to be the largest category expense for the City of Greensboro. As a percent of net expenditures, these costs made up 48.2% of the budget in FY 06-07. During the past five years, personnel costs have ranged from 48% to 51% of total net expenditures.

Throughout this five year period, salary range adjustments have been kept at particularly low levels, usually 2.5% to 3% on an annual basis. This has largely contributed to the slow cost growth per FTE positions, but likely contributed to some difficulty in hiring and retaining employees in selected positions. It is anticipated that market adjustments that occurred beginning in FY 04-05 to select positions may reverse this trend.

Benefits costs have grown from \$31.8 million in FY 02-03 to \$43.1 million in FY 06-07. Health insurance premiums and workers compensation rates continue to escalate. Combined, these two costs have increased from \$10.98 million in FY 02-03 to \$18.65 million in FY 06-07.

	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Personnel Costs	\$ 143,888,045	\$ 147,634,397	\$ 155,663,739	\$ 165,970,622	\$ 173,425,522
Total Net Expend.	\$ 292,188,272	\$ 295,625,788	\$ 321,401,638	\$ 324,848,622	\$ 359,792,858
Personnel Costs/ Total Net Expend.	49.2%	49.9%	48.4%	51.1%	48.2%
FTE Positions	2,811	2,801	2,887	2,944	3,005
Cost per FTE	\$ 51,187	\$ 52,708	\$ 53,919	\$ 56,376	\$ 57,712

Sources: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2006-07

Greensboro Expenditures

MAINTENANCE & OPERATING COSTS ** includes all funds

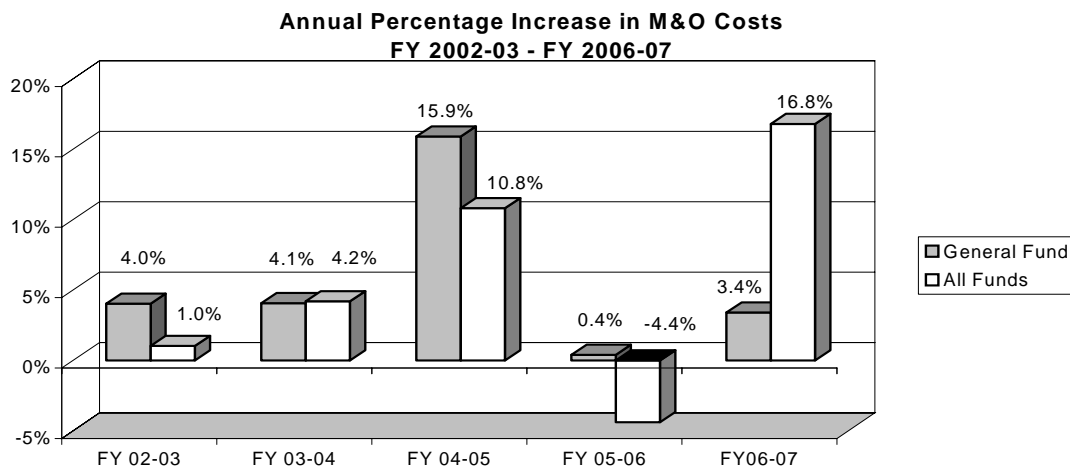
M&O growth in General Fund steadies after FY 04-05 increase while M&O for all funds decreases in FY 05-06 and increases significantly in FY 06-07.

Description

Maintenance and operations (M&O) costs include supplies, fuel, technology leases, rental and maintenance of equipment, contractual services and all other similar expenses associated with daily operation and service delivery. Debt service payments for principal and interest owed on borrowed money and contributions to capital reserve funds (such as Water Resources and Solid Waste Capital Reserve Funds) also constitute maintenance and operations expenses.

Analysis/Data

With the exception of FY 04-05, annual increases in General Fund M&O expenditures have been relatively steady. In that year, the roll out container service fee in the Solid Waste Fund was eliminated, necessitating an increase in the General Fund transfer to support Solid Waste Operations. Also, the Emergency Communications function within the Police Department was established as a separate fund, requiring a transfer of funds from the General Fund to the Metro 911 Fund. This transfer is cataloged as an M&O cost. In addition, General Fund fuel costs have more than doubled from FY 02-03 (\$830,300) to FY 05-06 (\$1,900,000) due to both service expansion and commodity cost. Fuel charges assessed to General Fund increased to \$2.9 million in FY 06-07 as solid waste collections service was moved from Environmental Services (Solid Waste Fund) to Field Operations (General Fund).



Source: Trends Worksheet and City of Greensboro Financial Systems

As illustrated in the chart above, growth rate in the “All Funds” category has fluctuated greatly over the last three years. Most of this fluctuation is driven by changes in debt service (for general City debt or Water Resources specifically); changes in transfers for capital expenditures in the Water Resources and/or Stormwater Funds; and the availability of Powell Bill funding. The growth in FY 04-

05 can be attributed to increases to the Powell Bill Fund and Water Resources Capital Fund; increased general City debt service; and increased fuel expenses. In FY 05-06, expenditures actually dropped 4.4% due to reductions in the transfers from the Street & Sidewalk Fund and the Powell Bill Fund as well as decreases in the Stormwater and Solid Waste Management Funds capital expenditures. Expenditure increases due to the first year of a consolidated Guilford-Metro 911 budget, improving to 30-minute service on all GTA routes, increased Water and Sewer capital and debt service expenditures, and increased Powell Bill spending drove the growth in "All Funds" to nearly 17% in FY 06-07.

Greensboro Service Area Summaries

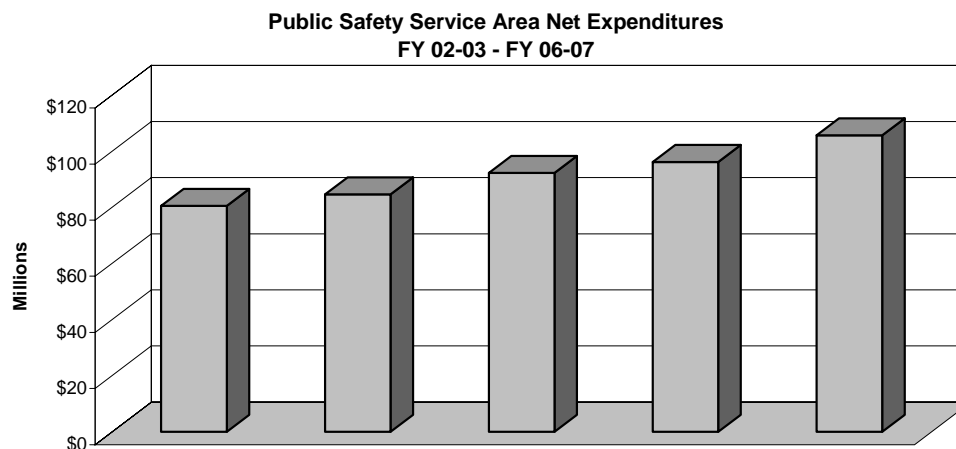
PUBLIC SAFETY SERVICE AREA SUMMARY

Public Safety operating expenditures have increased by an annual average of 7% between fiscal years 2003 and 2007.

Introduction

The Public Safety Service Area is comprised of Fire, Guilford Metro 911, Inspections and Police services, including the City's contribution to Guilford County's animal control and animal shelter programs.

As a direct result of Council's service priority goal of enhancing public safety efforts, this service area has experienced several enhancements over the measurement period, both in terms of personnel growth and technology enhancements. From FY 02-03 to FY 06-07, Public Safety expenditures increased 31.2%, or an average of 7% per year. During the same time period, 167 FTEs were added to this service area, the bulk of which (154) have been added in the last three years. This represents an overall increase of 14.4% over the last five years or an average of 42 positions each year.



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Net Expenditures	\$ 80,533,260	\$ 84,644,426	\$ 92,278,537	\$ 96,241,001	\$ 105,698,249
% Change		5.1%	9.0%	4.3%	9.8%

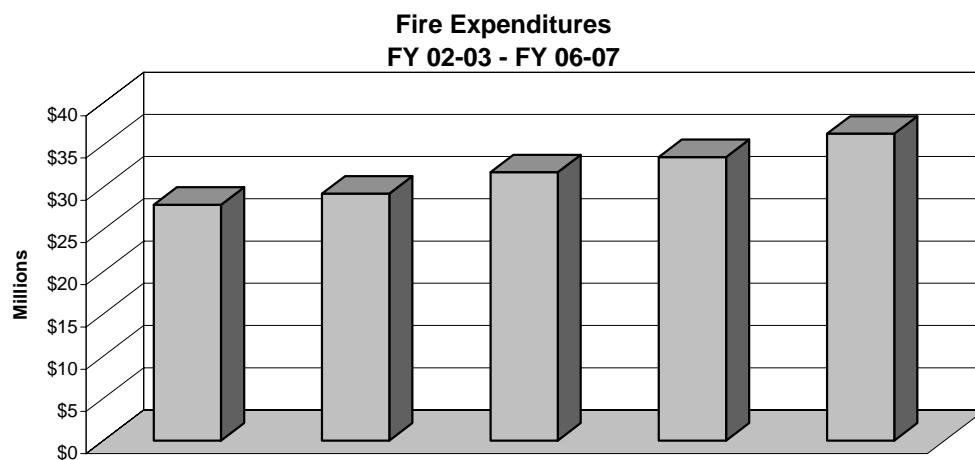
Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2006-07; City of Greensboro Financial Systems

There have been a number of organizational changes to take place since FY 02-03. In FY 04-05, Guilford Metro 911 was broken out from the Police Department and became a separate City department. This separation was made in preparation for the consolidation with Guilford County Communications that took place in FY 06-07. Also, prior to FY 03-04, the Emergency Management function was a consolidated

effort with Guilford County. In the fall of 03-04, the County chose to end the joint agreement, at which point Emergency Management was moved to the Fire Department. Emergency Management was moved again in the fall of 04-05 and placed under the newly formed Guilford Metro 911.

Fire

Over the last five years, Fire expenditures have increased from \$27.9 million to \$36.3 million, or just over 30%. This represents an average increase of 6.8% per year. During the same time period, staffing has increased by 60 full-time positions or 15.2%.



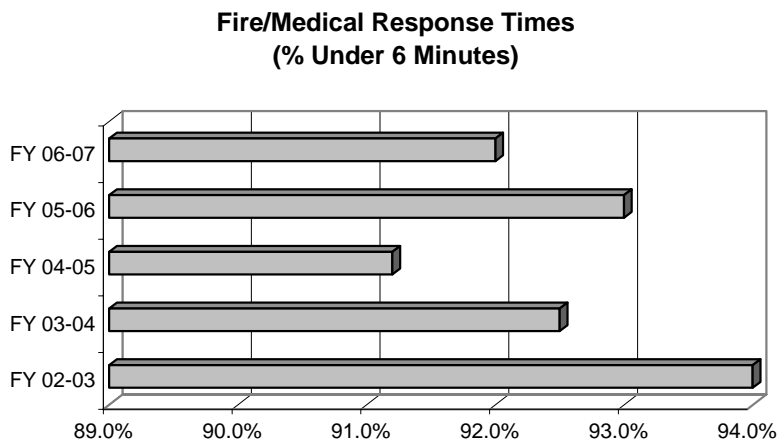
	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Net Expenditures	\$ 27,907,728	\$ 29,235,475	\$ 31,765,647	\$ 33,572,537	\$ 36,321,697
% Change		4.8%	8.7%	5.7%	8.2%

Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2006-07; City of Greensboro Financial Systems

Most of the increases in spending levels and in personnel are from the need for new stations and equipment in order to maintain service levels as population increases and annexation occurs. The FY 02-03 budget contained increases for the merger with the Guilford College station, including 11 additional firefighters while the FY 03-04 budget included increases for the Reedy Fork and Briarmeade annexations. The FY 04-05 budget included funding for a new station (15 additional positions, associated M&O, and one-time capital equipment purchases) as well as a new fire inspection unit needed as a result of city initiated annexations. FY 05-06 saw the opening of the Orchard Fire Station and the merger of Fire District 14 into the City's operations. The merger had associated net costs of approximately \$343,000, but included an existing station, a truck and 15 firefighters. FY 06-07 included a full year's operational costs and

15 positions for the opening of the Horsepen Creek station as well as partial funding for the opening of the Willow Road station. The latter opened in April, 2007 and an additional 15 positions were included.

These increases in expenditures have been critical as the Greensboro Fire Department continues to strive for meeting its objective of responding to 85% of fire/medical calls in less than six minutes. During FY 06-07, GFD responded to 17,368 medical calls and met the goal 92% of the time. The following graph indicates that the Fire Department has been able to meet its goal, on average, more than 92% of the time for the entire trend period.



FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
94.0%	92.5%	91.2%	93.0%	92.0%

Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2006-07
Greensboro Fire Department Performance Measures Report

M&O increases over the period included funds for such items as Self Contained Breathing Apparatus (SCBA) equipment; one-time costs for radios; replacement of one rescue unit, two engine units and two quints; and increased contract costs to provide supplemental fire protection in areas of the city where our own stations cannot timely respond.

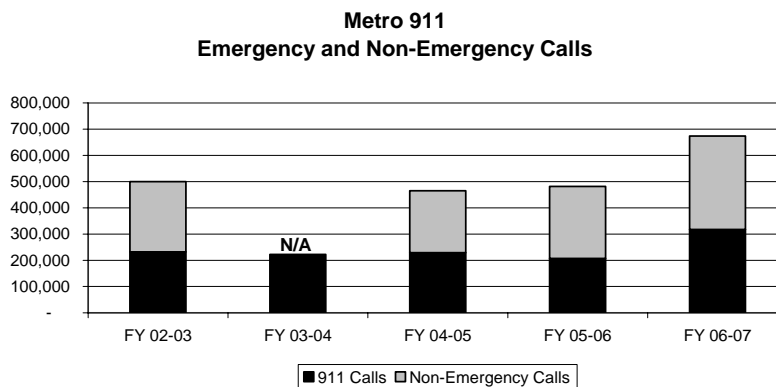
Guilford Metro 911

As discussed in the Service Area Introduction, Emergency Communications was separated from Police in early FY 04-05 in preparation for the consolidation with Guilford County Emergency Communications. Because the new Guilford Metro 911 officially consolidated with Guilford County Emergency Communications in FY 06-07, FY 05-06 will be the final year that calls and costs for the County are not included in the data.

At the time Emergency Communications was broken out from the Police budget in FY 04-05, the 54 positions that had been assigned to that division within the Police Department became Guilford Metro 911 employees. Over the course of FY 04-05, an additional 15 employees were added or reassigned, increasing the total FTE count of Guilford Metro 911 to 69. The additional positions were as follows: 4 new Telecommunicator positions; 1 position for Emergency Management that was reassigned from Fire; 1 new GIS position; 1 Network Administrator position that was reassigned from Police; and 8 Telecommunicator positions that were hired as City employees after County positions were vacated. These positions answered only County emergency calls until the consolidation took place. The County reimbursed 100% of the expenses for those positions until that time. Similarly, 6 additional Telecommunicator positions were transferred from the County to Guilford Metro 911 during FY 05-06.

FY 06-07 was the first year of the consolidated Guilford Metro 911 Emergency Communications Department. The FY 06-07 budget increased \$2.2 million, or 38.3%, as a result of the consolidation. The agreement between the City and County called for Guilford County to pay a percentage of the overall costs of the consolidated department based on the percentage of County calls dispatched. For FY 06-07, 28% was the percentage paid of the operating costs. The County also included the transfer of its Wireless Revenue Fund Balance to the City as part of the agreement.

Actual expenses for Guilford Metro 911 totaled \$7,679,874 in FY 06-07. This represents an increase of 78.2% over total FY 05-06 expenditures of \$4,310,843. Most of this increase is due to the full year costs associated with the personnel increases discussed above.



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Total 911 Calls	231,788	222,524	228,622	207,473	317,915
Total Incoming Non-Emergency Calls	268,499	*	236,317	273,854	355,763
Total Incoming Calls	500,287	NA	464,939	481,327 #	673,678

* Information not available due to switch to VoIP

Estimate due to Line Logger malfunction from 11/2005 - 1/2006

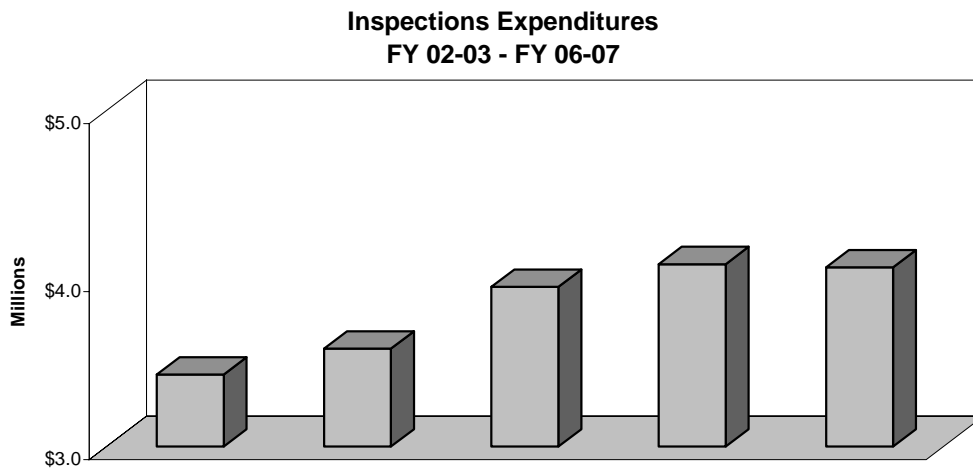
Source: City of Greensboro Guilford Metro 911

The graph shown tracks the number of both Emergency and Non Emergency calls that have come into Guilford Metro 911. A decrease in the non emergency calls in the 04-05 fiscal year can be partially attributed to the Contact Center beginning its operation in early FY 04-05,

which helped divert some non-public safety calls away from Emergency Communications. In FY 05-06, the total number of incoming calls increased only 3.5% over the previous year; however, there was a malfunction with one of the software products used for approximately two months when data wasn't captured. During this year, 911 calls decreased 9.3% while non-emergency calls increased 15.9%. Although part of this increase can be attributed to the requirement that 911 calls made through Voice Over Internet Protocol (VOIP) phone services be routed through non-emergency lines, it is possible that the increase is simply due to better tracking of non-emergency calls. Obtaining accurate figures regarding the number of non-emergency calls has been difficult in recent years due to technical problems with the Bellsouth Linelogger and the City's transition to VOIP phone service. FY 06-07 was the first full year of operations for the combined operation of Guilford Metro 911.

Inspections

Expenditures in Inspections increased slightly more than \$638,000 or 18.6% from FY 02-03 to FY 06-07. This represents an average increase of 4.65% per year over the five year period. During the same time period, staffing increased by 3.25 FTEs or 6.4%.



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Net Expenditures	\$ 3,428,361	\$ 3,583,097	\$ 3,949,860	\$ 4,085,400	\$ 4,066,595
% Change		4.5%	10.2%	3.4%	-0.5%

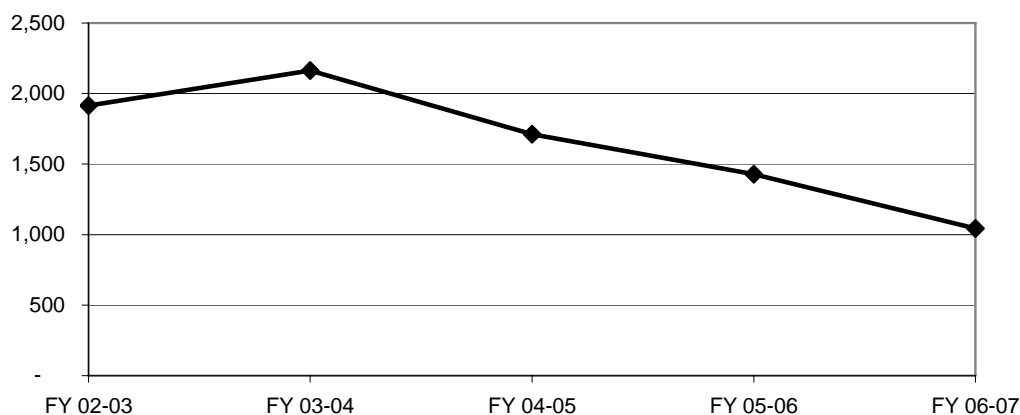
Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2006-07; City of Greensboro Financial Systems

Expenditures increased 4.5% in FY 03-04. Much of the increase in FY 03-04 is also directly related to new additions in Local Ordinance Enforcement. During this year, funds were added for 3 additional part time Local Ordinance Inspectors, 1 full time Administrative Staff person, and 3 additional vehicles. By

adding these additional staff people, Inspections revised its departmental goal of removing 100% of abandoned vehicles within 10 days to 100% within 7 days. Inspections expenditures increased by 10.2% or nearly \$367,000 in FY 04-05. Although this is partially a result of it being the first full year of the improvements listed above, Inspections also funded major renovations at the Cone Building and the moving expenses that were necessitated by Inspections vacating the old Main Library on Greene Street. Increased expenditures of 3.4% in FY 05-06 were driven primarily by increased costs for benefits. Expenditures in 06-07 fell slightly; less than \$19,000. The major contributing factor to the lower expenditures was fewer condemned housing units were abolished.

The following graph shows the number of junked or abandoned vehicles that have been towed by Local Ordinance Enforcement over the last five years. The number of vehicles towed peaked in FY 03-04. The continued decline in vehicles towed in subsequent years can be attributed to the additional enforcement discouraging people from leaving junked vehicles in yards and bringing vehicles within compliance standards.

Junked or Abandoned Vehicles Towed



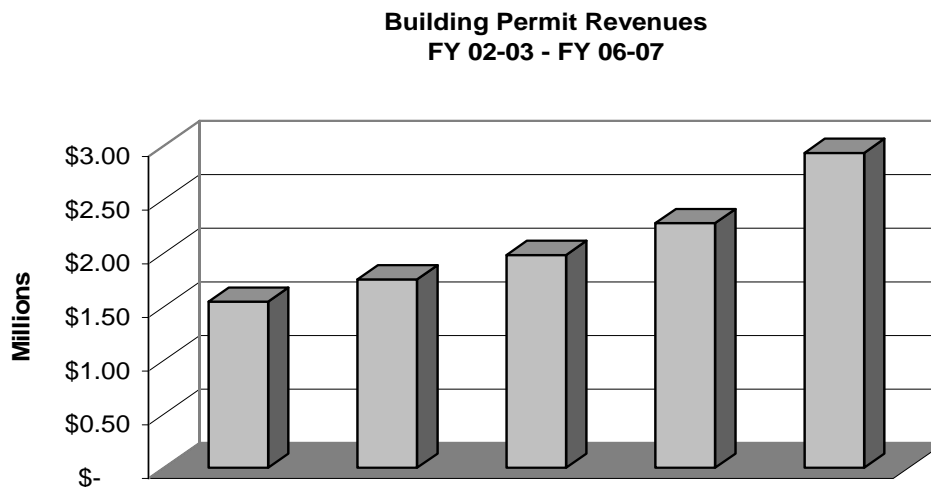
	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Vehicles Towed	1,916	2,162	1,712	1,428	1,043

Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2006-07; City of Greensboro Engineering and Inspections

Also, in an effort to improve the rental housing stock within the City, Inspections began issuing Rental Unit Certificates of Occupancy (RUCO) in January 2004. A Certificate of Occupancy is required for any rental unit beginning January 1, 2009, extending the original deadline by 18 months. To expedite certification of rental unit complexes with 50 or more units, a Certificate of Sample Compliance was implemented. Inspections issued 1,084 Certificates of Occupancy from January 2004 through June 2004; 4,489 in FY 04-05; 5,289 in FY 05-06 and 6,494 certificates in FY 06-07. Three full years of data suggests that the number

of condemnations has decreased as the number of Certificates of Occupancy issued has increased.

A noteworthy item of interest in the Building Inspections Division is the increased revenue stream experienced during the five-year period. The graph below shows the trend. The trend period has experienced double digit growth, averaging 17.5% annually. Budgeted revenues have been adjusted to account for this



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Building Permits	\$ 1,547,467	\$ 1,755,098	\$ 1,982,450	\$ 2,278,095	\$ 2,932,335
% Change		13.4%	13.0%	14.9%	28.7%

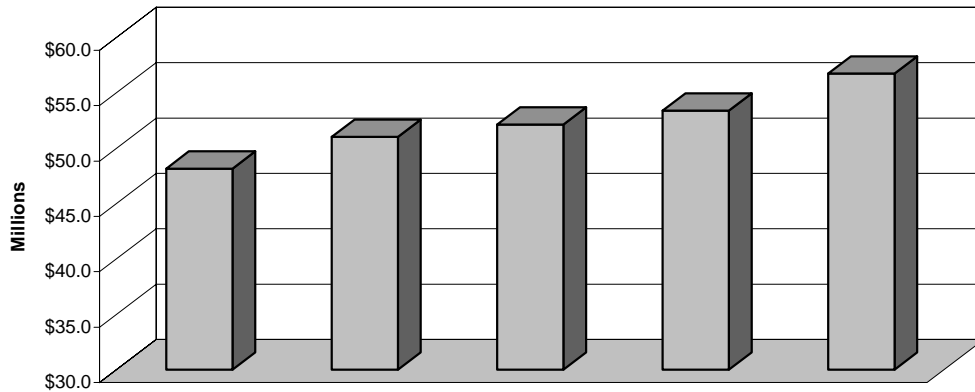
Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2006-07; City of Greensboro Financial Systems

trend and the Division has surpassed its revenue projections for the last few years. At the end of fiscal year 05-06, there was a spike in activity when the greatest number of permits ever experienced were issued in a single month. Inspections believes the spike had much to do with media announcements of building slowing due to large inventory and this, in turn, encouraged developers to get projects started quickly. Although the increase in permits issued contributes to the growth in revenues, it is more as result of the increased fees for services that occurred during the trend period. For the first half of FY 07-08, permit revenues have dropped 8.6% overall as compared to the same period in FY 06-07 due to the significant slowdown in the housing segment of the economy. Residential construction permits (excluding electrical, plumbing or mechanical), in particular, are down 17%, with commercial construction permits with the highest overall drop in commercial construction of about 16%.

Police

The Police department budget has seen significant growth over the five year review period. Much of this growth is due to increased staffing designed to

**Police Expenditures
FY 02-03 - FY 06-07**



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Net Expenditures	\$ 48,144,837	\$ 51,021,061	\$ 52,128,223	\$ 53,391,738	\$ 56,734,245
% Change		6.0%	2.2%	2.4%	6.3%

Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2006-07; City of Greensboro Financial Systems

respond to changes such as annexation, increasing service demand, and downtown development. Although the Police Expenditures chart indicates that the departmental budget has increased an average of 4.2% per year, much of the actual growth within the department has been masked by the transfer of Emergency Communications. In FY 04-05, nearly \$3.4 million (and 54 positions) were transferred from the Police Department to create the Guilford Metro 911 Department. Had this transfer not taken place, the percentage increase in FY 04-05 would have been 8.8% and the average annual growth rate over the last five years would be 5.7%.

In FY 02-03, the Police Department reduced its adopted budget by over \$385,000 in response to the budget crisis created by revenues withheld by the State. These cuts included the elimination of the following positions: 1 Community Relations Specialist; 1 SOAR Program Coordinator; 1 Police Planner; 1 Case Processor; and 3 positions in the DARE Program. As a result of these reductions, expenditures in this year only increased by 1.3% over the previous year.

The 6% increase in expenditures in FY 03-04 included funding for the following 8 new positions: 1 Homicide Detective, 2 additional Computer Crimes Detectives, 3 Mobile Response Team positions, and 2 non-sworn Records Clerks. Six (6) additional vehicles were also purchased during this time period.

In response to a staffing study conducted in collaboration between the Police Department and Budget & Evaluation, the FY 04-05 budget included funding for 32 additional Police Officers and 4 patrol vehicles. Other positions added this

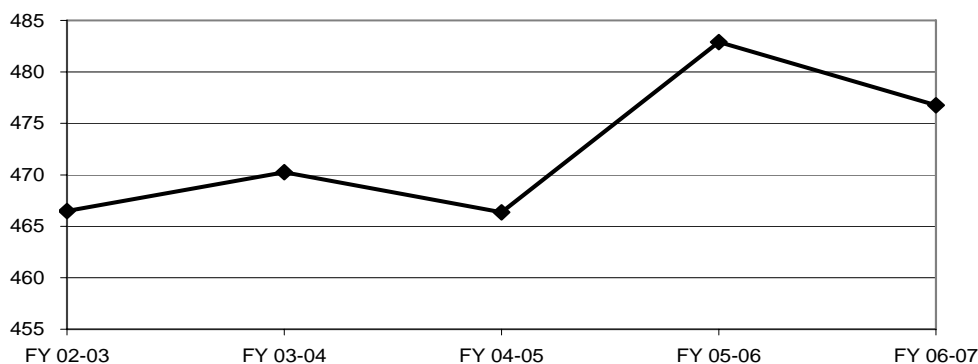
year include 2 additional Police Officers related to annexation; 2 Downtown Walking Patrol Officers; 4 Grant Funded Traffic Enforcement Officers; 3 County funded School Resource Officers; and 1 Evidence Technician. Additionally, 8 patrol vehicles and \$300,000 for a Career Enhancement Program were included in the budget. Due to the scheduling of the two Police Training Academies and the time required to hire these positions, only a portion of the full impact of these enhancements was realized in the FY 04-05 budget.

The 2.4% increase in expenditures in FY 05-06 included funding for a Career Advancement Program for police officers and \$400,000 for overtime pay which had historically been handled with compensatory time. Additional funding was also included for market pay adjustments associated with select officer positions as part of a citywide compensation study.

Police expenditures for FY 06-07 included \$820,000 for the addition of 32 police patrol officers who began training in March, 2007 (a partial year). Funds were also included (\$811,260) for market adjustments for various positions and various pay supplements and incentives.

Throughout the trends study period, police staffing levels have remained a point of emphasis. Although the number of sworn officers has increased, so has the number of calls dispatched. As shown in the accompanying chart, calls dispatched per officer varies over the trend period by 17 calls. In other words, the high is 483 in FY 05-06 and the low is 466 in FY 02-03.

Police Calls Dispatched per Sworn Officer

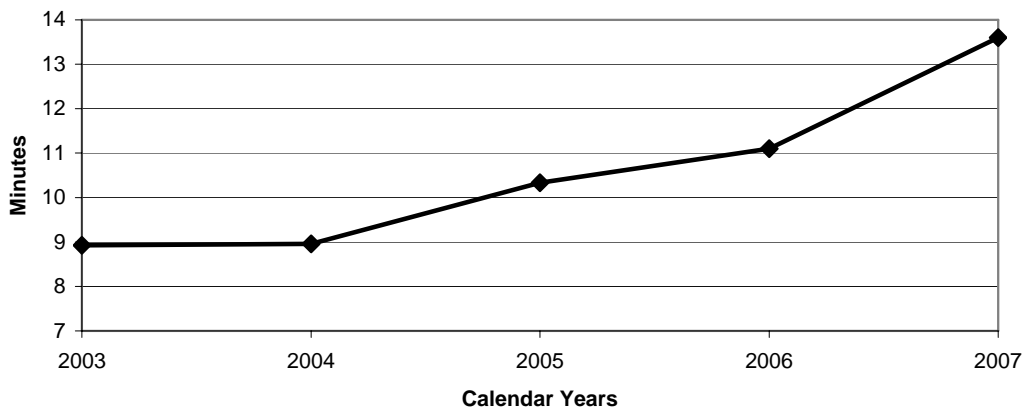


	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Calls Dispatched	236,508	240,296	258,365	268,012	274,135
Sworn Officers	507	511	554	555	575
Calls Dispatched per Sworn Officer	466	470	466	483	477

Source: NC Local Government Performance Measurement Project; FY 2002-2003 through FY 2006-2007

During the past several years there has been a concerted effort to decrease response times for Priority 1 and 2 calls. The following graph depicts average response time for those calls and shows an upward trend. Over the trend period, response times for Priority 1 and 2 calls have increased an average of one minute, 18 seconds per year. The combination of vacant positions and new patrol officers in field training (FY 06-07) actually has the effect of fewer officers answering more calls. There is significant training that must occur before a patrol officer can answer calls on his/her own. Additionally, 20 new dispatchers were trained in 2007 and their dispatch times are slower than seasoned dispatchers. Both of these items contribute to the slower response times. As vacancies are filled and new patrol officers become fully trained, the response time should be positively impacted.

Average Response Time to Priority 1 and 2 Calls for Police



	2003	2004	2005	2006	2007
Response Time in Minutes	8.9	9.0	10.3	11.1	13.6

Source: City of Greensboro Police Department

In addition, Guilford Metro 911 implemented new software in March, 2006 that tracks all calls differently. The current software consolidates multiple calls for a single incident and aggregates them into a single call. In previous years in this trend period, each call for a single incident would have been counted individually. The number of calls received (for all call types) will not be fully comparable until the Greensboro Police Department has experienced a full year using the new software.

Greensboro Service Area Summaries

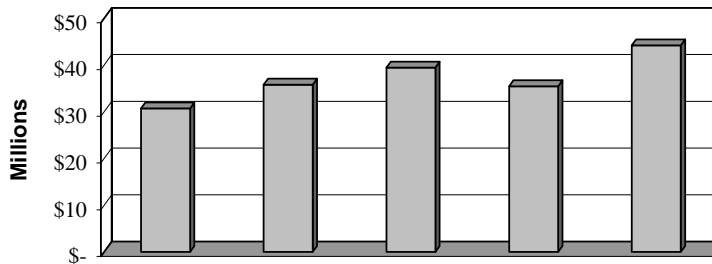
TRANSPORTATION SERVICE AREA SUMMARY

Council approved service changes to Greensboro Transit Authority have contributed to increase.

Description

The Transportation Service Area consists of Greensboro Department of Transportation (GDOT), the Greensboro Transit Authority (GTA), Field Operations, Street & Sidewalk Revolving Fund, State Highway Allocation Fund, and the City-owned parking decks.

**Transportation Service Area Net Expenditures
FY 2002-03 - 2006-07**



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Net Expenditures	\$ 30,707,756	\$ 35,827,589	\$ 39,478,130	\$ 35,459,779	\$ 44,214,396
% Change		16.7%	10.2%	-10.2%	24.7%

Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2006-07; City of Greensboro Financial Systems

Analysis/Data

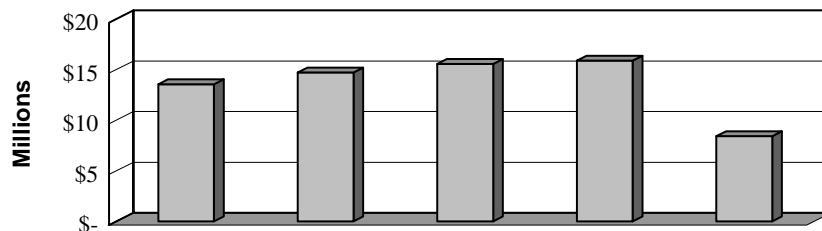
Over this five-year review period, net expenditures in the Transportation Service Area grew from \$30.7 million in FY 02-03 to \$44.2 million in FY 06-07, an increase of 44%. FY 05-06 saw a decrease in net expenditures of 10.2% from FY 04-05, which can be attributed to a reduction in spending in both the State Highway Allocation Fund at 35% and the Street and Sidewalk Revolving Fund at 58%. Overall Transit costs increased by 66% due to Council approved service changes and increases in major cost components.

During FY 06-07, the Field Operations Department formed. This department is comprised of functions that were located in Transportation (GDOT), Parks and Recreation, and Solid Waste Management. The growth that the Transportation Service Area experienced during FY 06-07 can be partly attributed to the additional expenditures that were originally located in the Culture and Recreation Service Areas. Right of way mowing and landscape maintenance are now located in Field Operations. Total expenditures that were moved to the Transportation Service Area during FY 06-07 were approximately \$4.1 million. Based on the expenditures that were transferred, it can be estimated that the Transportation Service Area would have shown about a 13.6% increase in expenditures for FY 06-07.

General Fund Transportation

General Fund Transportation Expenditures are used to support the work of GDOT. GDOT is composed of four divisions that include administration, engineering, traffic operations, and planning. Over the last five years, Transportation expenditures have decreased from \$13.5 million to \$8.4 million, or 38%. The chart below outlines General Fund Transportation's overall expenditures for this time period.

**GDOT Expenditures
FY 2002-03 - FY 2006-07**



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Net Expenditures	\$ 13,553,817	\$ 14,712,051	\$ 15,549,922	\$ 15,877,182	\$ 8,415,051
% Change		8.5%	5.7%	2.1%	-47.0%

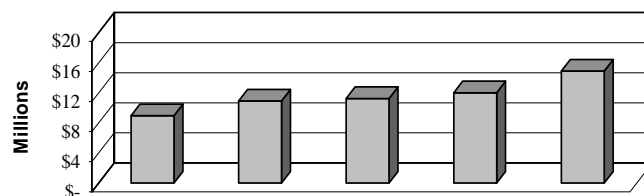
Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2006-07; City of Greensboro Financial Systems

Expenditures, prior to FY 06-07 had been slowly increasing with the most notable increases occurring in FY 03-04 and 04-05. The nature of these increases was due to a variety of factors including increased costs for asphalt maintenance and personnel costs. The reduction in expenditures that occurred in FY 06-07 was due to the formation of a new City department, Field Operations. This department is comprised of services formerly found in Transportation, Parks and Recreation, and Solid Waste Management. The sections of Transportation that were moved include: Pavement/Street Maintenance, Stormwater, and Leaf Collections. Total expenditures that were moved from Transportation during FY 06-07 were approximately \$8 million. Based on the expenditures that were moved, it can be estimated that GDOT would have shown about a 3.5% increase in expenditures for FY 06-07. The addition of two new Signal Technicians and the rising expense of fuel contributed to the increase.

Greensboro Transit Authority (GTA)

GTA expenditures increased overall during the trend period by \$5.9 million, or 66%. Most of these expenses are related to the City's contract for fixed route and paratransit service, higher diesel fuel prices, and local matches for federal and state grants. Implemented in January of 2007 was 30-minute all day

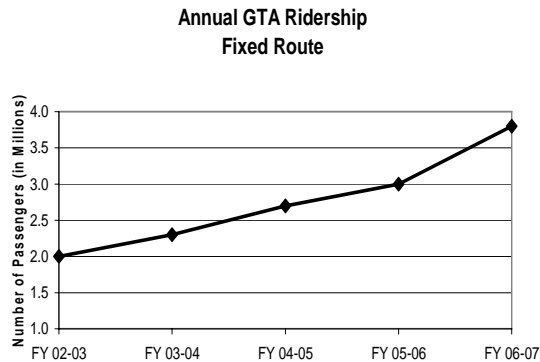
**GTA Net Expenditures
FY 2002-03 - FY 2006-07**



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Net Expenditures	\$ 8,978,518	\$ 10,930,220	\$ 11,246,154	\$ 12,027,247	\$ 14,910,259
% Change		21.7%	2.9%	6.9%	24.0%

Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2006-07; City of Greensboro Financial Systems

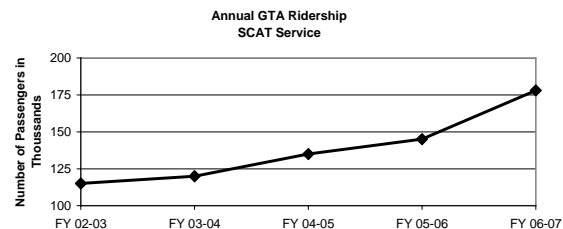
service for all 14 of GTA's fixed routes. In addition, the South Town Connector Service began during FY 06-07. This increase is also related to the cost of expanding housekeeping support at the J. Douglas Galyon Depot to accommodate the inauguration of Amtrak service from the facility.



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Number of passengers in millions	2.0	2.3	2.7	3.0	3.8

Source: Greensboro Transit Authority

SCAT expenditures more than doubled during this five-year period. Expenditures were \$1,870,180 in FY 02-03 and \$3,996,385 in FY 06-07. This increase is due mainly to Council approved changes in service provision. Beginning May of 2004, this service was available to all persons with disabilities that live within the City limits, whereas previously it was available based on federal guidelines. SCAT ridership increased over this five-year period. This service experienced a 55% increase in ridership from FY 02-03 to FY 06-07.



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Number of Passengers in thousands	115	120	135	145	178

Source: Greensboro Transit Authority

Miscellaneous Transportation Activities

During the five year trend period, expenses for the Street & Sidewalk Funds decreased, while expenses for the State Highway "Powell" Bill Fund increased. The Street and Sidewalk Revolving Fund was previously funded through available fund balance appropriated. There is no longer sufficient fund balance to continue to finance significant projects from this fund and the Red Light Photo Program was also suspended effective March 17, 2005. During FY 06-07, Transportation used a large appropriation of Powell Bill fund balance to pay for a number of projects. Annual Powell Bill revenue from the state has grown about 2% during this five year period.

Greensboro Service Area Summaries

ECONOMIC & COMMUNITY DEVELOPMENT SERVICE AREA SUMMARY

Controlling for economic incentive payments, this service area showed little growth over the trend period until FY 06-07.

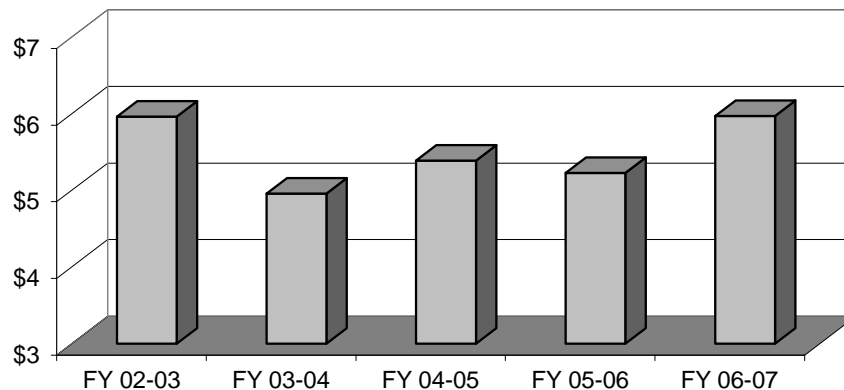
Description

The Economic and Community Development Service area includes economic development initiatives administered through the City Manager's Office, the Nussbaum Housing Partnership Fund, Planning, Human Relations and other non-departmental activities associated with economic and community development. The City's three municipal service districts are also included in this service area under the Special Tax Districts Fund.

Analysis/Data

Budget constraints experienced by the City particularly during FY 03-04 are clearly shown in this service area. FY 03-04 saw the total elimination of funding for human service agencies. After incentive payments in excess of \$1 million in FY 02-03, payments fluctuated between \$200,000 and \$400,000 the rest of the trend period. Spending in the service area rose in FY 04-05, as a result of the establishment of a downtown Business Improvement District, which increased expenditures in the Special Tax Districts Fund by \$175,000. Annual General

**Economic and Community Development Service Area Net
Expenditures (in millions)**



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Net Expenditures	\$ 5,957,969	\$ 4,954,334	\$5,387,322	\$5,224,496	\$5,967,547
% Change		-16.8%	8.7%	-3.0%	14.2%

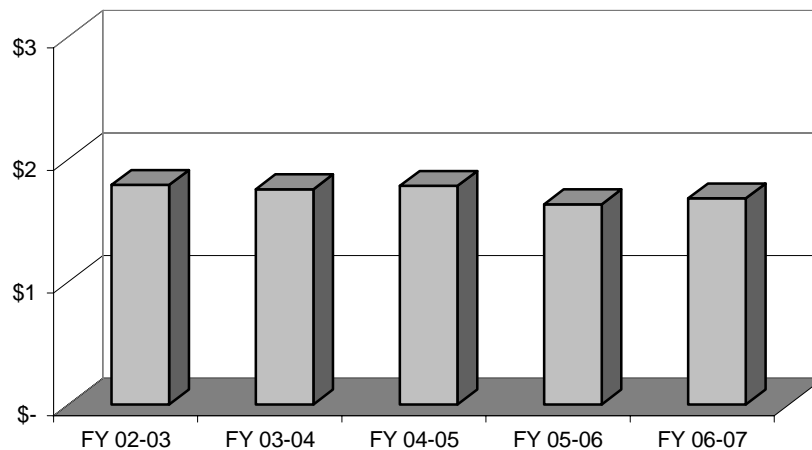
Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2006-07; City of Greensboro Financial Systems

Fund support for the Nussbaum Housing Partnership Fund actually declined slightly over the five-year period, a result of general budget constraints. In FY 05-06, a number of housing rehabilitation and homelessness prevention activities were transferred to the Community Development Block Grant Fund, where they were fully funded. Actual expenditures for the Nussbaum Fund increased from \$1.7 million in FY 05-06 to \$2.2 million in FY 06-07. FY 06-07 expenditures included approximately \$480,000 for multi-family projects that had been budgeted in FY 05-06, but not expended until FY 06-07. This is the major reason for the 14.2% overall increase in the service area.

Nussbaum Housing Partnership Fund

From the late 1990's through FY 2000-01, the General Fund contribution to the Nussbaum Housing Partnership Fund was set at the equivalent of 1.3 cents of the levied property tax rate. This allocation has declined as budget constraints grew. The amount of General Fund transfer decreased to a one cent allocation, beginning in FY 02-03. With revaluation in FY 04-05, the allocation dropped to 0.83 cents on the tax rate. In FY 05-06, the allocation of cents on the tax rate to the Nussbaum Housing Partnership Fund dropped even further to 0.74 cents on the tax rate.

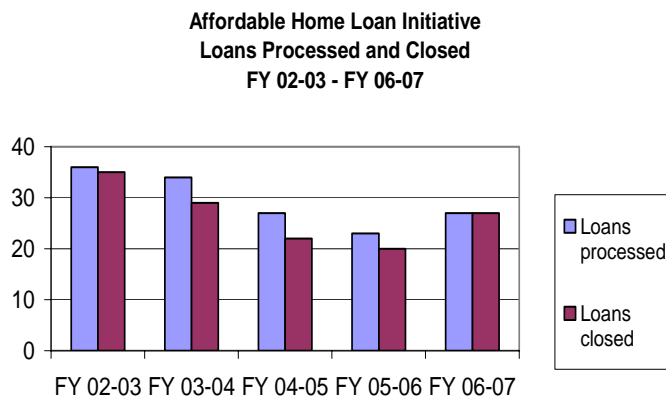
General Fund Transfer to the Nussbaum Housing Partnership Fund FY 02-03 to FY 06-07 (in millions)



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Transfer Amount	\$ 1,789,880	\$ 1,755,445	\$1,782,332	\$1,631,700	\$1,680,629
% Change		-1.9%	1.5%	-8.5%	3.0%

Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2006-07;
City of Greensboro Financial Systems

The HOME Program and Community Development Block Grant (CDBG) Programs continue to provide funding for much of the Housing and Community Development Department's work. In FY 04-05, the intergovernmental revenue received from the CDBG Program was in excess of \$2.3 million, and dropped in FY 05-06 and 06-07 to \$2.2 million and 2.0 million, respectively. In FY 05-06, there was a one-time reduction of the targeted loan pool program to pay for housing rehabilitation and homelessness prevention programs that were previously funded in the Nussbaum Fund. The HOME Program suffered a 31% drop in funding in FY 04-05 due to the loss of intergovernmental revenues that were generated by the City of High Point's participation in the consortium. In FY 05-06, High Point dropped out of the consortium because they qualified for the program on their own.



Source: City of Greensboro Department of Housing and Community Development

	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Number of Loans Processed	36	34	27	23	27
Number of Loans Closed	35	29	22	20	27

HCD's first time homebuyer program continues to assist homebuyers in need of additional funds for the purchase of their first home, although the number of closed loans has decreased for the last several years. FY 06-07 saw a reversal of a four-year trend and an increase in the number of loans closed. This upswing is mainly a result of the difficulty in the housing segment of the economy and a number of lenders adopting more conservative loan procedures. Many first time homebuyers who would have qualified in

prior years with the more lenient terms cannot qualify under the more conservative terms.

Municipal Service Districts Fund

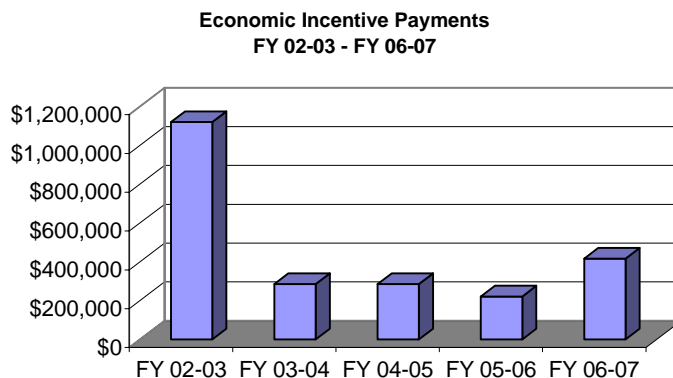
Beginning in FY 04-05, the Downtown Business Improvement District joined the Charles B. Aycock and College Hill historic tax districts to become the third municipal service district in the City. All funds are held in separate reserve

accounts. Both the Aycock and the College Hill Districts levy an additional five cents on the tax rate for improvements to historic character and right-of-way areas of each neighborhood. The Downtown Business Improvement District levies a nine cents tax on properties in the downtown district for use in revitalizing the district through economic development initiatives and any use of the funds must be approved by business owners and residents. Since property revaluation occurred in FY 04-05, each of the districts typically generate the following revenue annually:

Aycock Historic District	\$ 35,000
College Hill Historic District	\$ 39,000
Downtown Business Improvement District	\$463,000

The Downtown Business Improvement District has shown a 7.8% increase since it was adopted in FY 04-05.

Economic Development Initiatives



Source: City of Greensboro Financial Systems

Economic incentive payments are used as a tool to recruit corporate relocations of expansions of existing businesses within the City. Throughout the five year period, the amount of economic incentive payments varied according to the timing of the award and the installments agreed upon by both parties. During the trend period, large payments were made to

RF Micro, Stockhausen, Lorillard, and Syngenta, particularly during FY 02-03. Subject to Council approval in June, 2003, RF Micro has received two of its three installment incentive payments beginning in FY 05-06. In FY 06-07, RF Micro received a payment pursuant to a September, 2004 agreement; this was the first of three payments. Additionally, in 06-07, Market America received a payment for the creation of jobs per a July, 2005 agreement. Other incentives associated with infrastructure for water and sewer are captured in the Environmental Protection Service Area Summary.

Greensboro Service Area Summaries

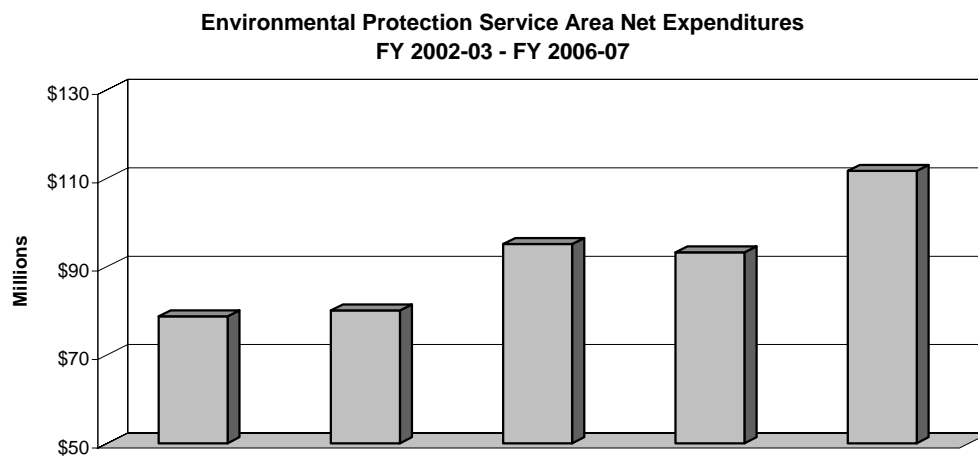
ENVIRONMENTAL PROTECTION SERVICE AREA SUMMARY

The Environmental Protection Service Area remains the largest in annual operating expenses and is expected to increase in coming years.

Introduction

The Environmental Protection Service Area includes the Water Resources and its associated Capital Reserve Fund, the Solid Waste Management, Stormwater Management, and Cemeteries Funds, and Field Operations. It also includes other environmental programs and non-departmental support for environmental protection.

Environmental Protection continues to be the largest service area, increasing from \$78.7 million in FY 02-03 to \$111.7 million in FY 06-07, an increase of 41.9%. In addition, this service area had a net increase of 36.77 FTEs over the five-year period which represents an increase of 6.7%.



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Net Expenditures	\$ 78,725,789	\$ 80,074,357	\$ 95,115,872	\$ 93,230,918	\$ 111,675,685
% Change		1.7%	18.8%	-2.0%	19.8%

Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2007-08; City of Greensboro Financial Systems

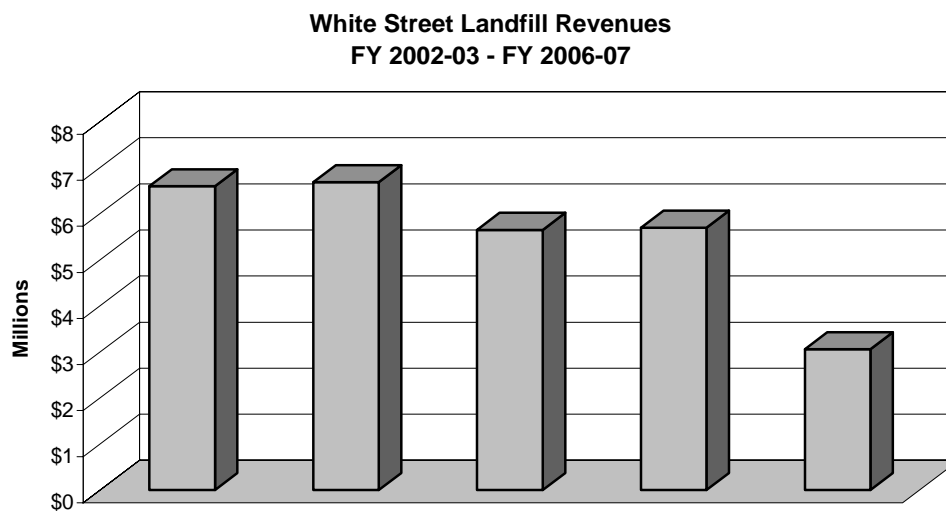
The significant increase in this service area over the last five years can be attributed to Water Resources and the opening of the municipal waste transfer station in FY 06-07. The Stormwater Fund contributed to the growth of this service area showing 51.9% growth (\$2.8 million) over the last five years. Look for this area to continue to grow as the Water Resources and Stormwater departments continue to make capital infrastructure improvements.

Solid Waste Management Fund

Expenses in this fund were relatively stable through most of this review period. Only two significant service changes occurred between FY 02-03 and FY 05-06. A revision to Chapter 25 in FY 04-05 allowed refuse collection service to be provided to certain attached dwellings previously not served, adding over 1,600 units to existing routes. A new compost facility was opened in FY 04-05, which currently posts net annual operating costs of \$386,578.

Significant changes occurred to a variety of services in FY 06-07. In October 2006, pursuant to Council directive, the City opened a transfer station for municipal solid waste as a disposal alternative to the White Street Landfill.

Also in FY 06-07, Solid Waste Collections (including recycling, bulk, and yard waste) and costs associated waste inspections and the recycling center were split from the Solid Waste Management Fund and placed under the newly formed Field Operations Department. These services equated to approximately \$14.1 million in actual expenditures.



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Revenues	\$ 6,592,108	\$ 6,680,833	\$ 5,646,307	\$ 5,694,611	\$ 3,055,973
% Change		1.3%	-15.5%	0.9%	-46.3%

Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2007-08;
City of Greensboro Financial Systems

Revenues at the White Street Landfill have declined significantly over the last three years. By the end of FY 04-05, Republic Waste, one of the area's primary haulers, was taking all of the waste it collected to a facility owned by their company. Despite losing over \$1.0 million annually from Republic's business, the White Street Landfill made up a portion of the lost revenue by bringing in additional waste from new and existing customers. Strong Construction and Demolition debris, and steady growth in Land Clearing and Inert Debris (LCID) and Compost Facility revenues helped to mitigate the loss of the Republic Waste revenue stream in FY 04-05 and FY 05-06. However, landfill revenue decreased significantly in FY 06-07, again due to the opening of the transfer station. In this year, the Solid Waste Management Fund shows a decrease of \$2.7 million in landfill tipping fees.

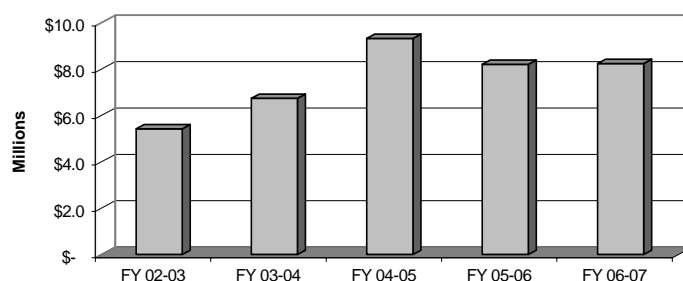
Stormwater Management Program

The Stormwater Management Division monitors and manages the quality and quantity of stormwater runoff and helps protect the limited water resources throughout the City. This includes responsibility for the operation and maintenance of stormwater infrastructure and drainage conveyance system; maintaining interaction with the development community to ensure that private stormwater systems minimize flooding and pollution; and monitoring water quality in the receiving streams that ultimately feed into the City's drinking water supplies.

Recent Stormwater projects include stream enhancement efforts in Latham Park consisting of creating an open channel stream in an area that was previously piped, the construction of a stormwater detention basin to catch runoff from Wendover Avenue, and other stream restoration in that area. Other Stormwater projects include the South Buffalo Creek Wetland Project and various culvert and pipe replacements throughout the City.

Stormwater expenditures increased steadily from FY 02-03 through FY 04-05, increasing 71.9% over these three years. Expenditures then fell 12.1% from FY 04-05 to FY 05-06 and remained relatively flat in FY 06-07, increasing only 0.5%. The Stormwater Division shows a net increase of just over 1 FTE over the review period.

**Stormwater Management Fund
FY 2002-03 - FY 2006-07**



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Net Expenditures	\$ 5,423,418	\$ 6,739,549	\$ 9,323,328	\$ 8,199,854	\$ 8,237,261
% Change		24.3%	38.3%	-12.1%	0.5%

Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2007-08;
City of Greensboro Financial Systems

Expenditures in FY 02-03 were lower than normal because no transfer was made to the Stormwater Capital Improvements Fund. In previous years, the department had used much of its fund balance on Stormwater Improvement Projects as rising operating costs were consuming recurring revenues. In order to address this problem in FY 03-04, Stormwater received its first rate increase since the inception of the program in FY 93-94. In addition to a rate

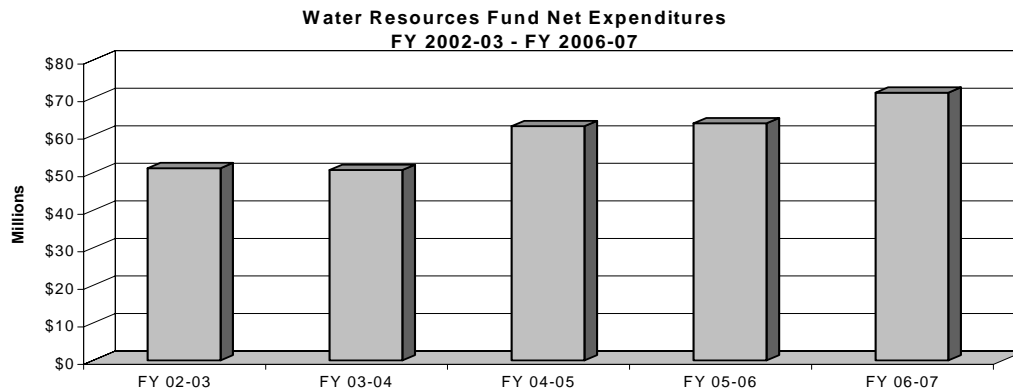
increase, a new rate structure was adopted that shifted from a flat rate in which all residents paid the same fee to a 3-tiered structure in which the amount paid by residents is dependent on the amount of impervious surface area on that resident's property.

The additional revenue generated from the fee increase has allowed Stormwater to resume its capital program without adversely affecting fund balance. Since FY 03-04, \$7.2 million has been transferred to the Stormwater Capital Improvements Fund. The largest of these transfers was in FY 04-05 at \$2.8 million before leveling out at just under \$1.8 million in FY 05-06 and FY 06-07. The large transfer to the capital account was the primary driver of the expenditure spike in FY 04-05. The department has not required the use of fund balance since that year and has decreased its maintenance and operating expenditures both FY 05-06 and 06-07.

Water Resources

The Water Resources Fund accounts for all operations and activities of the Water Resources Department. This includes maintenance of three surface reservoirs and two wastewater treatment facilities. Also included in this fund are expenses for water and sewer line maintenance, pumping station maintenance and the installation and maintenance of customer connections.

From FY 02-03 to FY 06-07, Water Resources expenditures have increased an average of 7.7% percent annually and 39.3% overall. In addition, the number of FTEs in the department has increased by 8% or 24.13 FTEs.



Water Resources Fund Net Expenditures/Debt Service					
	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Net Operating Expenditures	\$ 51,196,505	\$ 50,712,210	\$ 62,374,884	\$ 63,135,196	\$ 71,314,245
Debt Service	\$ 10,104,208	\$ 11,023,302	\$ 13,534,765	\$ 13,536,687	\$ 15,704,814
Debt Service %	19.7%	21.7%	21.7%	21.4%	22.0%

Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2007-08;
City of Greensboro Financial Systems

One major factor leading to increasing Water Resources expenditures is ever growing debt service charges. Over the last five years, debt service has increased 55.4%, growing from 19.7% of the total operating budget to 22% of the total budget. Debt service for FY 06-07 was at a five year high of \$15,704,814.

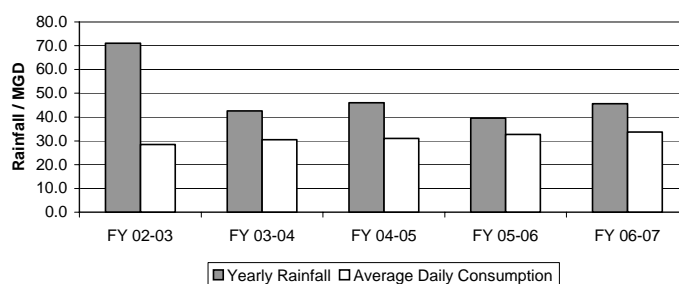
In addition to increasing Debt Service payments, Water Resources continues to transfer significant funding to the Water & Sewer Capital Project Fund and the Capital Reserve Fund. Approximately \$40.1 million has been transferred to these capital funds over the last five years. Combined, increased debt service and increased transfers to capital funds are responsible for over 50% of the overall increase since FY 02-03 and were significant drivers of the expenditure spikes in FY 04-05 and FY 06-07. To support these transfers and rising debt service payments, general rate adjustments have been implemented annually throughout the last five years.

Much of the expenditure increases have been largely driven by water supply issues. In addition to agreements to purchase water from some surrounding cities and the capital expenses associated with the building of those lines, Water Resources has also constructed a water line and pump station that allows the City to receive water from the Haw River and has been one of the primary funding partners for the Randleman Dam project. These projects have significantly improved and stabilized the water supply situation for the City. Through conservation and increased capacity, average daily consumption has averaged 81.3% of safe daily yield from FY 02-03 to FY 06-07, down from an unsustainable 99.4% just six years ago. Capacity will increase again in coming years as water becomes available from the Randleman reservoir, further lowering the percentage of safe daily yield consumed by water customers.

In addition to the projects listed above Water Resources has funded an extensive list of capital improvement projects over the last five years. These projects include facility improvements and upgrades at both Lake Townsend and Mitchell Treatment Plants, replacement of the Reedy Fork Lift Station, North Buffalo Sewer Improvements, implementation of Automated Meter reading, and general improvements to the sewer system along with expansion of the water supply system. General rehabilitation of the aging water and sewer system along with new expansion will continue to be an area of emphasis in coming years.

Given the increasing costs for debt service and capital projects, it will become increasingly important to monitor revenues to detect any adverse effects conservation, rate hikes, and/or rainfall may have on revenue trends. The Consumption versus Rainfall graph helps illustrate the effects outside variables may have on water consumption, thus directly affecting revenues. Due to record rainfalls in FY 02-03 along

**Water Consumption versus Rainfall
FY 2002-03 - FY 2006-07**



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Yearly Rainfall	71.0	42.6	46.0	39.5	45.6
Average Daily Consumption	28.4	30.5	31.0	32.7	33.7

Source: City of Greensboro Water Resources

with conservation efforts, consumption was at a five year low of 28.4 MGD. It should be noted that water restrictions were in place for the first five months of FY 02-03. As time has passed from the drought conditions for FY 01-02, the City has seen a steady increase in average daily consumption, rising from 30.5 MGD in FY 03-04 to 33.7 in FY 06-07. During that time, annually rainfall totals have fluctuated between a low of 39.5

inches and a high of 46 inches. Average consumption should decrease in FY 07-08, again due to the implementation of mandatory water restrictions. One step that Water Resources has taken in recent years to minimize the effects of outside variables on revenues is to increase charges for Billing and Availability fees.

Greensboro Service Area Summaries

CULTURE AND RECREATION SERVICE AREA SUMMARY

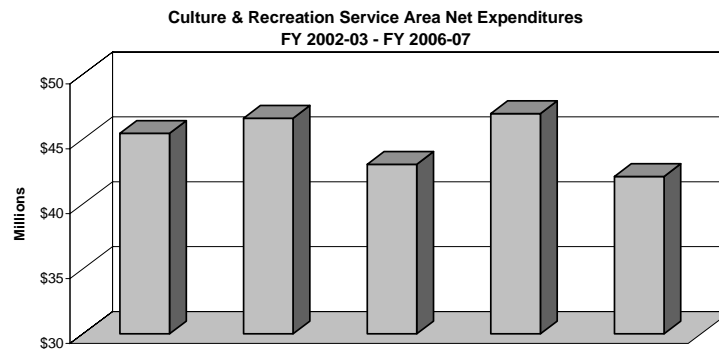
Operating expenditures decreased largely last fiscal year as a result of Field Operations assuming responsibility for several Parks and Recreation Functions.

Description

The Culture and Recreation Service Area includes Parks and Recreation Department services, Libraries and Historical Museum, War Memorial Coliseum Complex Enterprise Fund and a large variety of non-departmental culture and recreation activities. The Hotel/Motel Occupancy Tax Fund is also included in this service area.

Analysis/Data

During this five year period, total net expenditures for Culture and Recreation decreased from \$45.45 in FY 02-03 to \$42.13 million FY 06-07. As a percentage of total net expenditures, Culture and Recreation expenditures fell from 15.45% in FY 02-03 to 11.7% in FY 06-07.



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Net Expenditures	\$ 45,455,461	\$ 46,614,519	\$ 43,064,727	\$ 46,977,143	\$ 42,130,359
% Change		2.5%	-7.6%	9.1%	-10.3%

Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2006-07; City of Greensboro Financial Systems

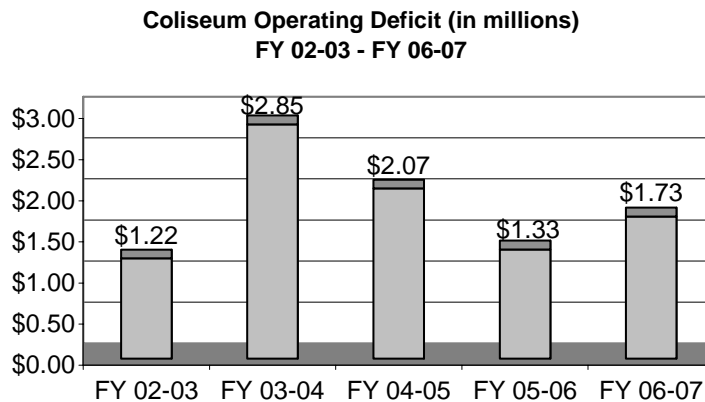
This reduction results from a variety of factors, including significant changes in management structure in some service areas and dramatic fluctuations in Coliseum programming and related expenses. During this time period, the management of Bryan Park was placed under a third party agreement, greatly reducing the expenditures for park maintenance that are recorded in the city's budget.

The reduction in expenditures that occurred in FY 06-07 was due to the formation of a new City department, Field Operations. This department is comprised of services formerly found in Transportation, Parks and Recreation, and Solid Waste Management. The sections of Parks and Recreation that were moved include: Landscape Maintenance, City Mowing, and Tree Maintenance. Total expenditures that were moved from Parks and Recreation during FY 06-07 were approximately \$4.1 million. Based on the expenditures that were moved, it can be estimated that the Culture and Recreation Service Area would have shown about a 2% reduction in expenditures for FY 06-07.

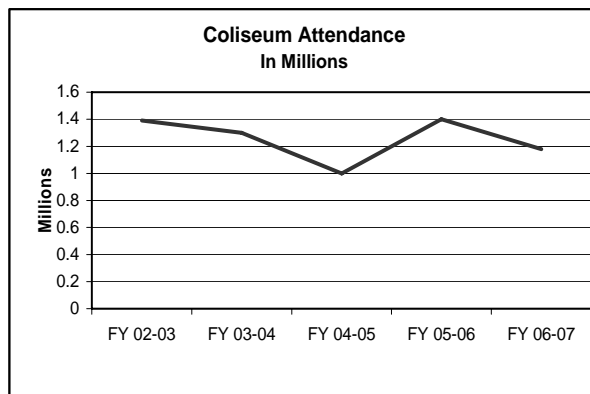
Coliseum Complex Fund

The War Memorial Coliseum Fund accounts for all operations activities of the War Memorial Coliseum Complex. This includes the Arena, the Special Events Center and Pavilion and the War Memorial Auditorium. Events held at the Complex include conventions, concerts, consumer shows, sporting events, family shows and trade shows.

Over the course of the past five years, the Coliseum Fund has posted average operating deficits of \$1.8 million, a value of less than one cent on the property tax rate. The Coliseum used aggressive recruitment of consumer and entertainment events along with continual pursuit of cost containment measures, including staff reductions and outsourcing of selected activities, to keep operating deficits steady or actually decreasing through most of this time period. General Fund contributions have ranged from a low of \$1.55 million to a high of \$2 million in FY 06-07.



Source: City of Greensboro Financial Systems



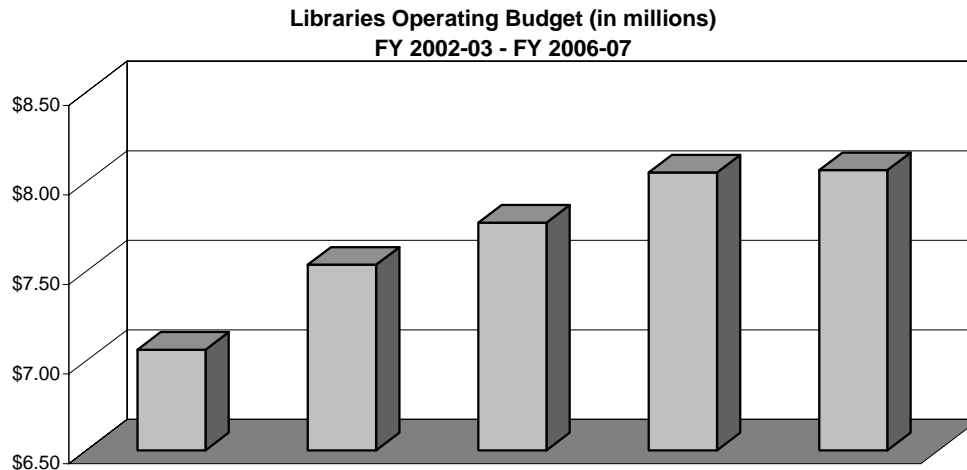
Over the past five years, annual event attendance has varied from approximately 1 million patrons to over 1.4 million. The variance is usually due to changing mixes in event schedules from one year to another, particularly well attended events such as NCAA Basketball and large national conventions such as the Southern Baptist National Convention.

	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Total Attendance	1,397,800	1,307,185	1,006,387	1,435,745	1,182,797
Number of Performances	875	751	734	859	865

Greensboro Coliseum Complex Annual Report

Libraries

This time period saw a gradual increase to the Libraries' operating budget. Over the past five years, Libraries expenditures have increased from \$7.06 million to nearly \$8.06 million, or 14.2%.

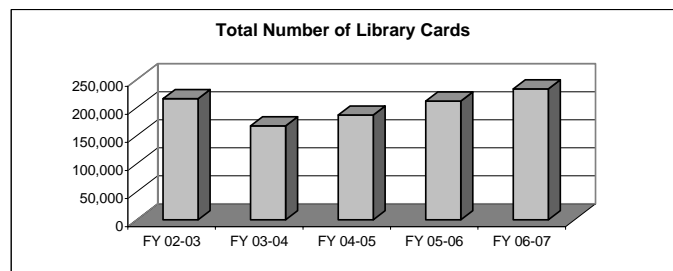


	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Operating Budget	\$ 7,062,226	\$ 7,535,788	\$ 7,771,466	\$ 8,051,228	\$ 8,064,127
% Change		6.7%	3.1%	3.6%	0.2%

Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2006-07; City of Greensboro Financial Systems

Two new branch openings (Hemphill and Kathleen Clay Edwards) in FY 04-05 increased the Libraries' personnel expenses due to new staffing needs; however, maintenance and operation expenditures declined as savings were realized from rental costs that no longer needed to be incurred.

Issuance of library cards continues to rebound from a decline in FY 03-04, which was a result of the closing of two facilities in 2002. Between FY 04-05 and 05-06, there was 13% increase in cards issued.



Some of Libraries' key performance measures over the trend period include:

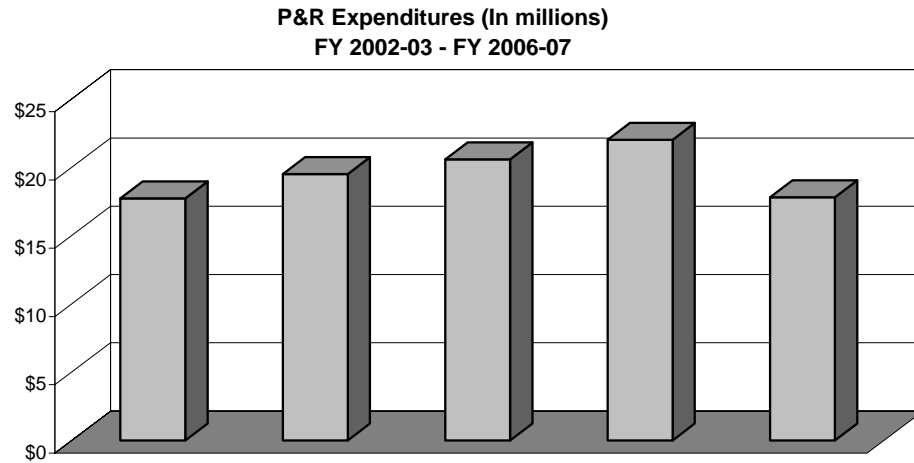
	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Total Number of Library Cards	215,922	167,463	186,626	211,532	233,507
% Change		-22.4%	11.4%	13.3%	10.4%

Greensboro Public Library Circulation Statistics 2006-2007

- Library visits increased 10%
- Total circulation decreased by 1%

Parks & Recreation

Actual expenditures for Parks & Recreation are shown in the chart below:



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Expenditures	\$ 17,732,696	\$ 19,517,223	\$ 20,595,072	\$ 22,027,482	\$ 17,815,798
% Change		10.1%	5.5%	7.0%	-19.1%

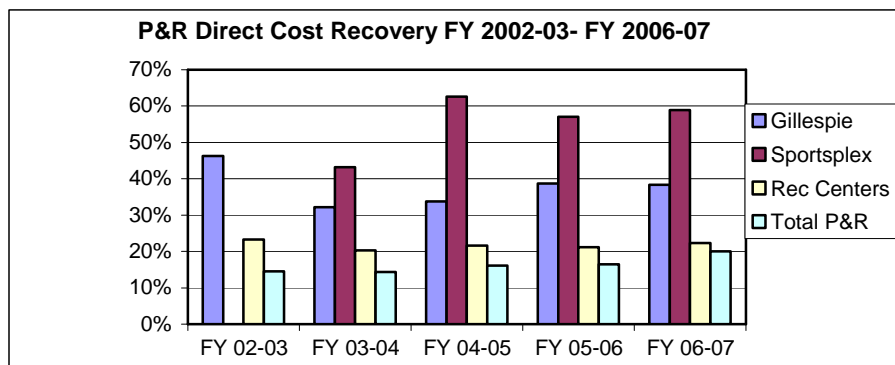
Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2006-07; City of Greensboro Financial Systems

Over the past five years, Parks and Recreation expenditures have increased from \$17.7 million to \$17.8 million, or 1%. Major increases in expenditures occurred from FY 02-03 through FY 05-06, when expenditures increased \$4.3 million, or 24%. During this period, the City acquired the Greensboro Sportsplex in January of 2003. This facility has delivered strong results in terms of revenues as well as participation levels and variety of activities offered. During FY 04-05, the department resumed operations of the War Memorial Stadium increasing both maintenance and operations costs and personnel.

The reduction in expenditures that occurred in FY 06-07 was due to the formation of a new City department, Field Operations. This department is comprised of services formerly found in Transportation, Parks and Recreation, and Solid Waste Management. The sections of Parks and Recreation that were moved include: Landscape Maintenance, City Mowing, and Tree Maintenance. Total expenditures that were moved from Parks and Recreation during FY 06-07 were approximately \$4.1 million. Expenditures of about \$219,000 for the management and operations at Bryan Park were moved from an enterprise fund to the General Fund in FY 06-07. Based on the expenditures that were moved, it can be estimated that Parks and Recreation would have shown about a 1% reduction in expenditures for FY 06-07.

During the past five years, Parks and Recreation has increased the cost recovery of direct costs through user fees from roughly 14.5% of cost to 16.5% of cost. The opening of Sportsplex and its particularly high cost recovery rate compared to other facilities is helping to increase the department's cost recovery rate. After a slight slide during the middle of this review period, recreation center cost recovery is beginning to improve thanks to increased participation and additional programs.

Note about the chart: The 20% cost recovery rate for FY 06-07 shown in the chart below is inflated due to the departmental expenditures that were transferred to Field Operations in FY 06-07. Had those expenditures remained in Parks and Recreation, cost recovery would have been approximately 16.5%.

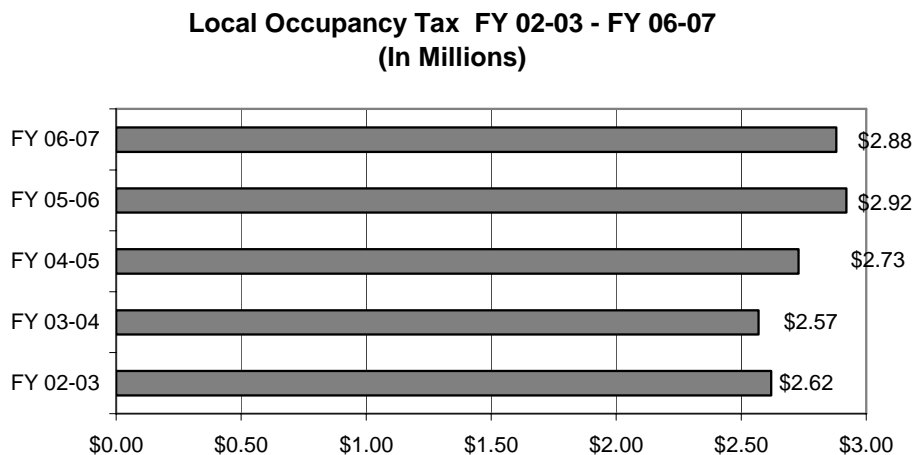


	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Gillespie	46.29%	32.14%	33.74%	38.70%	38.37%
Sportsplex	0.00%	43.23%	62.58%	57.02%	58.90%
Rec Centers	23.25%	20.27%	21.57%	21.15%	22.34%
Total P&R	14.55%	14.41%	16.16%	16.50%	20.00%

Source: P&R Budget Summary Information; City of Greensboro Financial System

Miscellaneous Culture & Recreation

The City of Greensboro levies a 3% Room Occupancy Tax on all hotel/motel rooms within the City limits. Proceeds of the levy are distributed 80% to the city and 20% to the Greensboro Convention and Visitors Bureau. While the City is restricted to primarily using its share of the distribution to support debt service on improvements to the Coliseum Complex, the City may also incur certain marketing expenses up to \$200,000 annually. Actual revenues from the occupancy tax levied are shown in the accompanying chart.



FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
\$2.62	\$2.57	\$2.73	\$2.92	\$2.88

Source: City of Greensboro Comprehensive Annual Financial Reports, FY 2002-03 through FY 2006-07

This revenue stream has grown by approximately 10% over the five-year trend period. Currently, these funds are used to provide debt service payments for existing debt at the Coliseum. FY 06-07 saw a reduction of 2% in revenue, which could possibly be attributed to the downturn in the economy and a reduction in travel.

Funding in this area also includes various non-departmental agencies, the Coliseum Fund and the Bryan Park Fund for the provision of various cultural and recreational activities in Greensboro. In FY 06-07, the Bryan Park Fund was returned to the General Fund. Agencies have varied over the five-year trend period as has the amount of funding for each. Funding has ranged from \$3.2 million in FY 02-03 to \$3.4 million in FY 06-07. The biggest recipients continue to be the Coliseum Complex and the Natural Science Center.

Greensboro Service Area Summaries

GENERAL GOVERNMENT SERVICE AREA SUMMARY

Increases in Insurance and Equipment Services are main cost drivers in the General Government Service Area.

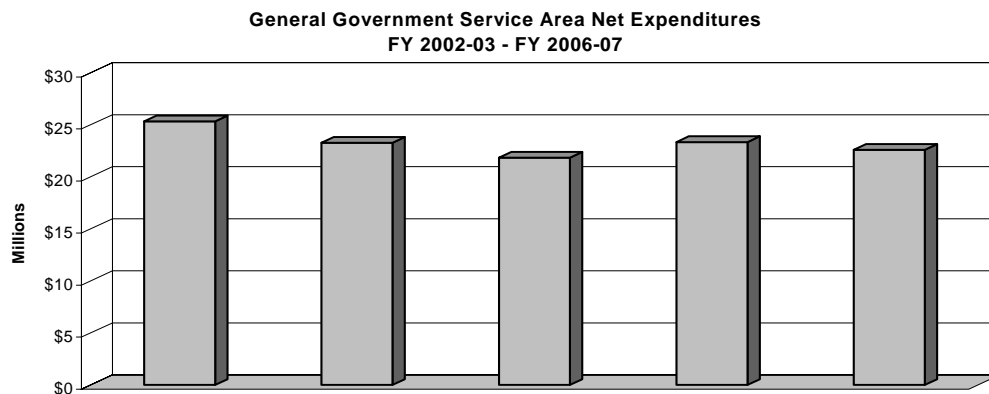
Description

General Government is the service area where many important support functions for the City's operating departments are located. This includes all of the Executive Offices, Budget & Evaluation, Finance, Legal, Internal Audit, Human Resources, Insurance Services, Public Affairs, Engineering, Management Information Systems, Equipment Services, Graphic Services, Technical Services, and Telecommunications.

Analysis/Data

The most significant trend over the past few years in the General Government service area has been continued increases in insurance costs. From FY 02-03 to FY 06-07, expenditures in the Employee Insurance Fund have increased 45.2%. Driven primarily by increases in health insurance and workers compensation insurance, this increase equates to \$8.5 million. Health insurance costs are responsible for \$6 million of that increase, averaging jumps of 10.9% over the last three years. Similarly, workers compensation has gone up \$1.4 million over the last five years, averaging increases of 13.6% annually.

The Equipment Services Division, responsible for maintenance and repair of city vehicles and capital replacement, has also seen significant increases over the last five years. Rising 12.4% over this time period, this increase is due to increased costs of operation due to fleet additions resulting from both city-initiated annexations and police patrol service enhancements.



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Net Expenditures	\$25,330,963	\$23,260,671	\$21,838,912	\$23,334,234	\$22,588,135
% Change		-8.2%	-6.1%	6.8%	-3.2%

Source: City of Greensboro Annual Adopted Budgets, FY 2002-03 through FY 2007-08;
City of Greensboro Financial Systems

Note: For the purposes of this analysis, \$2 million in storm clean-up costs are excluded from FY 02-03 in the graph and table above.

Other significant expenditures over this time period included Contact Center expenditures which began in earnest in FY 03-04. However, almost all of the personnel costs associated with this project have been reallocated resources from within the organization. Increases shown in FY 05-06 included over \$800,000 for additional facility maintenance services, Human Resources services to address workload issues in Records Management and Employee Relations, additional use of consultant services in the Manager's Office related to Police issues, and the 2005 municipal election.

A combination of unique project expenses designed to replace and improve the City's technology in particular service areas, along with decreased programming in some areas, also contributed to the overall decrease during FY 03-04 and FY 04-05. The decrease in FY 06-07 can be attributed to decreases in one-time costs in various departments from FY 05-06 and increases in internal service charges.

An organizational change in the General Government section that should be noted took place in the area of Telecommunications in FY 06-07. The Desktop Services program was transferred from the General Fund to the Telecommunications Fund. Expenditures in this area have traditionally been funded through internal service charges to user departments. This transfer is in accordance with the City's existing internal service fund accounting system.

Greensboro Service Area Summaries

DEBT SERVICE AREA SUMMARY

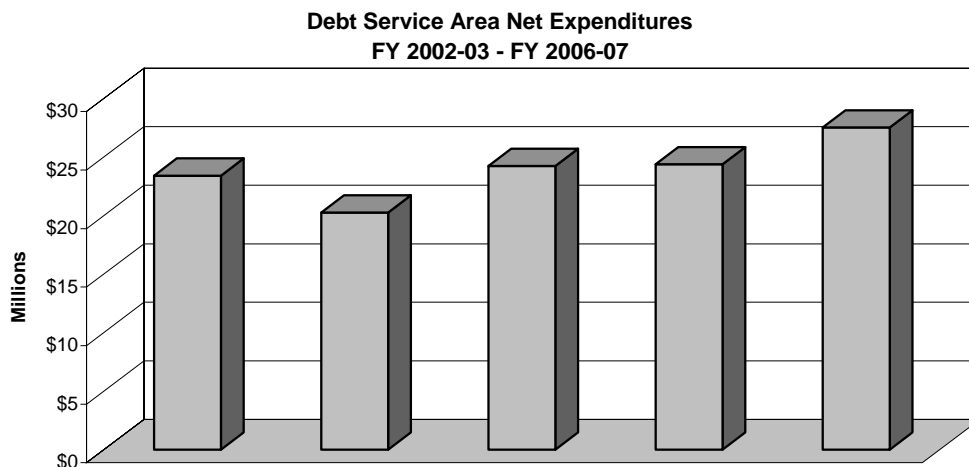
Debt Service operating expenditures vary from year to year depending on the timing of bond sales and varying lease payment schedules.

Description

The Debt Service service area includes the Debt Service Fund and the Capital Leasing Fund. This service area records the city's retirement of general debt obligations. Expenditures include principal and interest payments on the City's debt as well as administrative costs associated with selling bonds. The service area also includes payments on rolling stock, computers and other equipment that is lease-purchased by the City.

Analysis/Data

Debt service costs have increased since FY 03-04 as bonds approved in 2000 have been periodically sold over the past five years. Principal and interest payments for general obligation bonds have increased from \$16.83 million in FY 03-04 to \$21.26 million in FY 06-07. Consequently, the General Fund transfer to the Debt Service fund has grown during the same time period to help support these increased costs. The transfer has increased from \$13.38 million in FY 02-03 to \$16.89 million in FY 06-07, or approximately two cents on the tax rate.



	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Net Expenditures	\$ 23,406,243	\$ 20,249,892	\$ 24,238,138	\$ 24,381,051	\$ 27,518,487
% Change		-13.49%	19.70%	0.59%	12.87%

Source: City of Greensboro Annual Adopted Budgets, FY 2004-05 through FY 2007-08; City of Greensboro Financial Systems